THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

March 9, 1940

Franklin Resignation Causes Crisis

An Editorial

Japan and the Oil Problem

BY HERBERT LEOPOLD

The Hongkew Policing Deal

Far East Gold Production

BY JOHN AHLERS

Coal Seizures Embroil Britain, Italy; Attempt to End Italian Neutrality

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

RELIABLE, COMPLETE

To the Editor:

The recent issues of **The China Weekly Review** prove again your magazine is the most complete and reliable source of information on the situation in the Far East. Your consistent course in giving the reports of both interested peoples on the events and then the check by foreign, disinterested observers, is refreshing and instructive, after reading the propaganda of most publications and the daily papers.

Your constructive service in presenting the connection between the war in China and developments in Europe is one of great value to the masses who can't afford to take all publications and cannot get this dangerous connection in any other way. I have given so much time and effort in trying to show Americans this connection, this feature of your service is deeply appreciated and its importance realized as it could not be except for the study of that menace.

I have never forgotten the statement of Madame Chiang Kai-shek, "China is fighting a world war for the rest of the world," so fully proven by events since she made that statement. I would like to add this further fact: China has been fighting Japan for the benefit of the entire Western United States while the businessmen on this coast have been supplying Japan with the scrap-iron, lubricating oil, gasoline and many other materials with which to slaughter the Chinese people, rape the women of China and advance its grip on the future of the Pacific states. I am pleased to note members of Congress are becoming aware of the need to sever trade relations with Japan until she withdraws her troops from China. The issues of **The China Weekly Review** you have sent me are being read by the illustrator for nine or more large daily papers. I envy some for their opportunity to have a part in the fight by the Chinese.

CHARLES M. BAXTER,
Attorney for Cosmopolitan Courier
Seattle, Washington,
February 9, 1940

IN SINGAPORE

To the Editor:

As I am a native of Singapore and a student of that island I have many facts regarding the British Government there. They have done a lot of injustice to the Chinese and favor the Japanese. Why is this so? Is Britain as an island empire afraid of the Japanese island empire? Are they going to share China, just as Russia and Germany share Poland? Since Chamberlain came to power one can hear very often of a Chinese ill-treated without reason. Chamberlain with his peace movement is like Wang Ching-wei, the traitor of China. If caught ought to be shot.

Recently a case occurred in which a Japanese was caught publishing an anti-British book. He was brought to court, but the fortunate man go off without any penalty. If he had been a Chinese he would surely have been banished from this British colony. Hou Hsi-fan, who collected funds for Chinese war relief, was banished on the pretext that he encouraged the formation of unlawful societies. Were the Japanese militarists behind this? It is clear to me at any rate that Britain stands in with the Japanese, who are aggressors. We Chinese should be very careful of the British.

ANAK SINGAPORA
Shanghai, Feb. 29, 1940

KIANGSI AIR RAID

To the Editor:

The Lunar New Year Holidays in this city were overshadowed by an air raid on the 2nd day of the 1st Moon. Nine enemy planes were heard over the sky about noon time. Having reconnoitered for a few minutes more than one hundred demolition bombs were dropped on the outskirts of the West city, killing three civilians and wounding seven others. A number of bombs landed in the Kan River and hundreds of fish were killed. Is it not a terrible waste of their bombs?

After their departure thousands of propaganda leaflets were found scattered on the earth. About twenty bombs did not explode until a few hours later. Some people say that they were a kind of slow explosion bombs, while others aver that since they were old ones they could not explode as soon as they were released.

A score of demolition bombs were dropped on the hills by the side of the Kan River where are situated the seven buildings of the Civil Administration. It is quite mysterious that none of them scored a direct hit and not a single person was killed or wounded. It is said that according to a broadcast of our enemy that evening they thought they were our Aviation Machine Factory, for they announced that they were completely, demolished, leaving a loss of over one million dollars.

Would you kindly calculate for us the amount of money our enemy wasted as a result of this futile raid? We have learned that the cost of each pound of explosive has risen from U.S.$1.50 to U.S.$5.00, not to mention the oil expended? Would you think that the flying men, being weary of war as their other fighting comrades, intentionally dropped the bombs perfunctorily?

H. C.

Kanhsien, Kiangsi,
February 14, 1940

THE CHINA WEEKLY REVIEW

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DEEPLY MOVED

To the Editor:

I was deeply moved by the news of the traitor Wang Ching-wei-Japan agreement. This secret agreement is more baneful than the 21 demands. In my opinion, no matter that traitor Wang Ching-wei had signed or not that secret documents (agreement)—in the eyes of the sons of Huang-tee, he is the biggest traitor have ever been known and appeared in the history of China.

We are not going to surrender or yield to the Japanese. It's not an easy "work" to kill and raped (rape) of 450,000,000 people, the fight must going on until the Japanese army withdraw from China proper. No peace. If we want peace, not from that traitor Wang Ching-wei, our National Government would select a proper Head as our representative and other delegates. Not a single one in North would like to have peace with the enemy, even the kids.

O. S. CHANG

Peiping, Feb. 27, 1940

WATCH OUT CENSORS!

To the Editor:

Please enter a subscription for **The China Weekly Review** to be sent to the following address for a period of four months:

The Headquarters,
Japanese Forces in North China,
Peking.

F. B. S.

Peiping, Jan. 30, 1940
(Delayed in transit)

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, March 6, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$14.95

Demand buying rate on New York: U.S.$1.00—Sh.$14.67

Demand selling rate on London: £1.0.0—Sh.$58.18

Demand buying rate on London: £1.0.0—Sh.$57.31

AMERICAN STOCK AND COMMODITY QUOTATIONS

March 5, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	Unq.	20¼
Amer. Waterworks	9¼	9¼
Anaconda Copper	29⅜	29⅜
Bethlehem Steel	76½	76½
Chrysler	84	84
Elec. Bond & Sh.	6⅛	6
Gen. Motors	52⅞	52⅞
Goodyear T. & R.	23	23
Gt. Nthrn. Rly., pfd.	23⅜	23¼
Lockheed Aircraft	30½	30½
Mont. Ward	54	53¾
N. Y. Central	Unq.	16⅛
Texas Corp.	Unq.	44⅝
U. S. Steel	58½	58¼
COMMODITIES		
New York Cotton, May	10.78	10.78
New York Rubber, May	18.20	18.20
New York Hides, June	14.10	14.10
Chicago Wheat, May	—	100⅛
Chicago Corn, May	—	56¼
N. Y. Sugar, No. 4, May	—	1.57½
N. Y. Silk, No. 1, July	—	2.70½ B

B—Bid. A—Asked.

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FRANKLIN'S RESIGNATION CAUSES SERIOUS POLITICAL CRISIS

CORNELL Sidney Franklin, who came to Shanghai in 1921 and enjoyed the most meteoric political career of any foreigner in this international community, has announced that he will not be a candidate for reelection this year. Mr. Franklin has been a member of the Municipal Council of the International Settlement for the past seven years. He has been chairman of the Council for three years, covering the period of the Sino-Japanese hostilities.

In an interview in the *Evening Post* on March 1, Mr. Franklin said, "I've had enough . . . . I am going to attend to my own business once more." Prior to the publication of the report of Mr. Franklin's intention to retire, the Executive Committee of the American Association held a hurried meeting and nominated J. W. Carney of the Standard-Vacuum Oil Company as Mr. Franklin's successor. Mr. Carney and a British member had resigned from the Council a few weeks previously, allegedly because of disagreement with certain policies of the chairman. R. T. McDonnell, whom the Committee of the Association put up in place of Mr. Carney, will seek re-election. Mr. McDonnell is connected with the American shipping concern, Wm. Hunt and Company, which took over much of the property of the China Merchants Steam Navigation Company, formerly owned by the Nationalist Government.

When Mr. Carney was notified by a sub-committee of the American Association that he had been selected to run again for the Council, he was quoted (*Evening Post*) as saying, "I didn't want to, but they persuaded me."

These are the known elements in a situation which has aroused more curiosity and acrimonious political controversy than anything which has happened here in a dozen years.

Prior to Mr. Franklin's resignation he signed two agreements, one with the puppet City Government of Greater Shanghai, presided over by Mayor Fu Siao-en; and the other with Y. Miura, Japanese Consul-General. In the first agreement Mr. Franklin signed away the Settlement's right to police control over the important Western suburban residential district. In the Hongkew agreement, signed with the Japanese Consul-General, the Municipal Council is permitted to resume its police authority in the areas north of Soochow Creek—under certain conditions. The Japanese have been given the right to appoint leading police officials and much of the police personnel in the district. In addition, it is rumored that Japanese companies have been granted transportation monopolies throughout the areas north of the creek. The Japanese military authorities (Naval Landing Party) has also reserved the right to search for and arrest "guerrillas" at any time they may desire.

Of the two agreements, the one concerning the surrender of the Western District has aroused the greatest indignation. Thousands of residents, Chinese and foreign, who thought they were residing in territory over which the International Settlement exercised police control, have discovered that they are residing in an area which in recent months has gained the opprobrious title of "Badlands" due to establishment there of dozens of notorious gambling houses, opium smoking and dispensing dens, under the jurisdiction of the Special Service Section (SSS) of the Japanese Army and Mayor Fu's City Administration of Great Shanghai. Both the Japanese and Mayor Fu have announced their intentions of cleaning up the district, but aside from the announcement, little has been done. One gambling-opium dive (Hollywood) made a profit of more than eleven million dollars last year.

While the agreement which Mr. Franklin signed with Mayor Fu Siao-en went into considerable detail in connection with the organization of the new Chinese-controlled police force to be set up in the district, nothing was said about taxes; hence the belief prevails that the Settlement will lose its revenues previously collected in that area. Some think that Mr. Franklin "traded" the Western District for Hongkew.

The limited disclosure of the terms for the surrender of the Western District has probably cleared up the mystery regarding the attempted assassination of G. Godfrey Phillips, Secretary and Commissioner-General of the International Settlement. Mr. Phillips had participated in the triangular discussions with the Japanese and Chinese authorities and probably held out for better terms—until gangsters from the Badlands riddled the back seat of his motor car one morning as he was driving to his office along a street bordering the district. Mr. Phillips escaped the shots by lying on the floor of his car. He was so unnerved by the attempt to murder him that he went to Hongkong to recuperate—and also possibly for the purpose of communicating with the British authorities in London on the subject, as such communication from Shanghai is practically impossible due to Japanese censorship over mail, cables and radio.

The agreements which Mr. Franklin signed probably constitute the "beginning of the end" of the Foreign Settlements at Shanghai, because the French Concession will not be able to escape the consequences of the relinquishment of rights by the International Settlement. While it is impossible to forecast the future, the Franklin agreements probably constitute a long step toward rendition of the foreign-administered areas—not to a recognized, legally-constituted Chinese authority, but to an alien-dominated puppet regime set up by the Japanese Army to function in territory under its jurisdiction.

Shortly following the outbreak of Sino-Japanese hostilities in 1937, Mr. Franklin proposed a plan for the enlargement of the Settlement and the creation of a "free city-state." The Japanese were supposed to favor such a plan at that time.

Since Mr. Franklin owed his election and position as chairman of the Council to British votes and influence, some interpret his complete reversal of ideas to the present British desire to do everything possible to appease the Japanese. But this does not explain current British indignation over the Franklin agreements.

Some think that the indignation is not based on the agreements already negotiated, bad as they are, but is due to apprehension that even worse deals are to be disclosed in the near future, possibly involving a great increase in the number of Japanese members on the Council with consequent increase in Japanese influence on this side of Soochow Creek.

Gold Production in China, Japan and the Philippines

BY JOHN AHLERS

GRADUAL exhaustion of both China's and Japan's currency reserves has launched the two Far Eastern belligerents upon a feverish hunt for gold. Both countries require more gold to improve their balances of payments and to increase their purchases of foreign supplies. The Tokyo and Chungking governments today encourage to an unprecedented extent the mining of gold within their respective spheres of power. The results of this policy so far have not been striking. The two Governments continue, however, their desperate efforts to increase the output of gold in Japan and China, and there is a possibility that the current year will experience substantially larger offers of newly-mined gold by both countries.

The only Far Eastern country where in normal times the mining of gold is an industry of primary importance, and where gold is a major export item, is the Philippines. In the Islands, only the sugar production's value of P.100,000,000 last year surpassed the value of the gold output, which was P.74,000,000. Some 40 gold-mining companies shared in this output, and but 17 of these companies were in a position to pay dividends. The dividend-payers, however, included the eight large companies which account for 70 per cent of the total gold output, and which distributed to their shareholders in cash dividends one-third of its value.

Gold is so important in the Philippines only upon the background of the Islands small-scale economy. As an industry among other industries, gold mining is comparatively unimportant in Japan. Yet the gold production of the Japanese Empire plus Manchuria for a series of years has been somewhat larger than last year's record output in the Philippines. Japan proper, Korea, Formosa and Manchuria in recent years used to mine annually some Yen 175,000,000 (present exchange value) worth of gold. This gold had a share of little more than one per cent in the total value of Dai Nippon's industrial production. Since the outbreak of the Sino-Japanese war, however, its value to the Tokyo Government has been out of all proportion to its actual value in yen. With Japan's balance of visible and invisible trade continuously adverse, the country's newly-mined gold has been for years its chief means of equalizing its balance of payments, and of maintaining its currency.

The Tokyo Government early last year compelled private Nipponese gold-mining companies to agree to the execution of official plans calculated to boost Japan's and Manchuria's gold production to some Yen 250,000,000 (present value) annually. These plans provided for modernization of the technical equipment of the mines, for improvements in their output methods, and for increased treatment of low-grade ores. The expected results were not achieved. The Tokyo Ministry of Commerce and Industry early last autumn admitted that the gold output in Japan proper had not increased but remained "poor," and a month ago the Central Bank of Manchu reported that there was no gold output increase in Manchuria last year. Japanese gold industrialists blame these failures upon insufficient supply of new equipment and shortage of labor.

There is yet another reason. The state banks of Japan, her colonies and Manchuria monopolistically purchase the gold mined in these territories at official prices based upon the official parities of the Yen Bloc currencies. These prices last year were repeatedly increased, and special premiums were promised for gold newly mined above the past production averages. But even including these gold price increases and premiums, the net payments for gold by the Yen Bloc state banks are far below the open market value of gold. Today, the Bank of Japan pays for gold little more than half the price in yen which gold bars are fetching in the Shanghai and Hongkong markets. Private industrialists naturally are not eager to sell at those prices and to increase their output of gold, and considerable amounts of gold appear constantly to be smuggled out of the Japanese sphere of power to Shanghai and Hongkong.

The Governor of the Bank of Japan certainly realizes that an increase of his official gold purchasing price to the open market value would work wonders in Japanese gold production. With the yen linked to the

The U. S.—Japan Problem

UNITED STATES SOLD TO JAPAN:		JAPAN SOLD TO UNITED STATES:	
Raw cotton	$52,850,000	Raw silk	$83,651,000
Petroleum, Gasoline, Lubricants	$49,659,000	Other textile products	$14,688,000
Iron, steel and other metals	$66,038,000	Foods (crabmeat, tea, etc.)	$10,405,000
Machinery, including automobiles and planes	$49,019,000	Chinaware, dishes, etc.	$3,714,000
Miscellaneous	$22,054,000	Miscellaneous	$14,362,000
TOTAL	$239,620,000	TOTAL	$126,820,000

This chart indicates the leading items with are involved in the trade between Japan and the United States. The figures are for 1938. The chart is from the *Associated Press* Wirephoto Service.

American dollar and via that dollar to the gold bullion price, however, such a gold price increase would mean a 50 per cent devaluation of the yen, which the present regime in Tokyo is not yet prepared to resort to. Therefore, the way of compulsion is being tried once more. Strict orders have been issued again to Japanese gold-mining companies to execute the 1939 plans, and severe penalties are threatened in case of another default. At the same time, gold-mining equipment and other supplies have been requisitioned to permit the Manchuria Mining Company to open this year in the Three Northeastern Provinces of China at least four new gold mines.

These new Manchurian gold-mining projects include the following enterprises. At Chiapikou, a gold-mining plant with a capacity of 1,500 tons of ore monthly is to be opened this month. Another plant of 6,000 tons capacity is to be inaugurated next month on the Taolisui property at Hsinliuhsien, in Jehol Province. A new gold refinery of 10,000 tons capacity is under construction at Fengsui, and is scheduled to be put into operation in August next. A small 800-ton refinery is to be erected at Kaishantu. In the placer field, the number of dredges active at Hsiashihtou this year is to be increased from two to six, and two new dredges also are to be installed at Tumentzu. The Japanese maintain that this time the necessary machinery

for all these enterprises will be promptly and fully provided.

The Japanese dream of a modern Klondyke in the mountain wilderness of eastern Formosa has vanished. The Japanese press, November last, almost got hysterical over reports that billions of yen worth of gold, easy to mine, had been discovered in the Mount Doyon region of the Takkiri Valley. Tokyo experts who later examined the alleged gold deposits arrived at the conclusion that though there was some gold to be found around Mount Doyon, it was extremely rare and not worth mining by modern methods involving the investment of large amounts of capital. The Formosan government-General is reported to be continuing its search for gold, but does not appear to have met with any success worth speaking of.

The gold production of China proper compares but poorly with that of the Philippines and of the Japanese Empire. The latter during the last few years produced annually above 1,000,000,000 oz. of newly-mined gold, but the gold output of China proper prior to the present war was but slightly above 100,000 oz. Almost all of this gold was mined in the present Free China areas. The repeated depreciations of Chinese national currency since the outbreak of war made gold-washing from river sands in the south and west more profitable, and placer operations during the past two years resulted in a substantial increase in Free China's gold output. Last year, this output appears to have reached almost 200,000 oz.

The Chinese Government banks last year managed to purchase three-fourths of the Free China gold output, since with every further devaluation of the Chinese dollar they sharply raised their gold-purchasing prices. Although these banks pay less than the open market price of gold in Shanghai, they pay considerably more than the state banks of the Yen Bloc. For the last few months, the Chinese Government banks paid $360 per oz. for newly-mined gold, corresponding to some 80 per cent of the gold bar prices quoted at Shanghai prior to last Chinese New Year. Most of the gold purchased was shipped to London, and since the start of war in Europe to the United States, to be sold against foreign exchange. The Chinese Government banks last year realized from those gold exports approximately U.S. $5,000,000.

With labor in Free China abundant and cheap, placer gold-mining at the present rates of exchange is possible on an extremely small scale. The Chinese Industrial Cooperatives, for instance, with a capital investment of only Ch.$20,000, established no less than 50 gold-washing units of 25 workers each in the upper Han River Valley. The average monthly output per unit is about 2 oz. of gold which sells to the Government banks at Ch.$720, but this small amount is sufficient to assure the subsistence of the unit, and the continuation of its work. A close network of such C.I.C. gold-washing units at present is being spread far and wide over other Free China regions.

The Chinese National Government recently adopted a program to encourage gold-mining, with the aim of boosting Free China's gold production to the extent of 1,000,000 oz. annually i.e. almost to the level of gold production in the Japanese Empire and the Philippines. Whether this aim can be achieved in the near future remains to be seen. Much will depend on future gold-mining results in the two outlying provinces of Sikang and Chinghai which, during the last 12 months, were flooded by many thousands of adventurous Chinese gold-diggers from Szechwan. The river sands of Sikang and Chinghai today are said to be richer in gold than any other region in Free China, and some very satisfactory finds are reported to have been made.

Japanese Censors Open Mail from U. S. Embassy in Tokyo

ON Sunday, March 3, an American resident of Shanghai received a notice from the Post Office to the effect that a registered parcel had arrived "in a broken condition." The addressee was requested to call for the parcel in person.

Imagine his surprise when he discovered that the "broken" parcel was a letter from the American Embassy in Tokyo. The letter had required more than a week in transit and obviously had

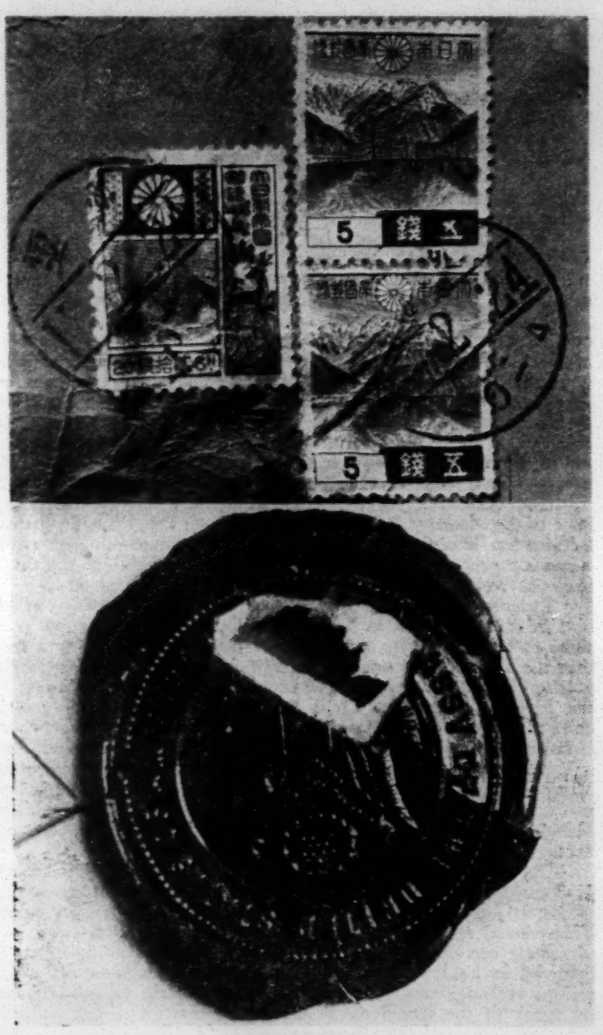


Illustration shows how the seal of the U. S. Embassy at Tokyo was broken, apparently by censors in the Tokyo Post Office.

been opened by censors in the Japanese Post Office, supposedly in Tokyo. The broken seal of the U. S. Embassy is shown in the accompanying illustration as it appeared on the flap of the envelope. There also are shown the Japanese stamps, indicating that the letter was sent by registered mail.

The significant element in the incident, aside from the opening of mail dispatched by a foreign embassy, was the fact that the letter referred to the case of James R. Young, the American correspondent for *International News Service* who has been confined in jail in Tokyo since his arrest on Jan. 21, without being brought to trial. He was formally indicted on Feb. 27 and it was announced he would be given a public trial on the charge that he "fabricated false rumors regarding Japanese military affairs." The charges were based on dispatches describing the situation in China which Mr. Young sent to newspapers in the United States while he was on a trip through China.

A *Reuter* report from Tokyo on March 1 stated that the Japanese authorities were planning to tighten restrictions on outgoing press telegrams, probably as a result of the case against Mr. Young. Japanese authorities were quoted as saying that censorship over press messages had been "too lenient." It was suggested that censorship of press messages, now exercised by the Ministry of Communications, should be transferred to the Home Office. Mr. Young's detention was supposed to have been ordered by the Home Office.

Japan Ill-Prepared to Weather U.S. Oil Embargo

BY HERBERT LEOPOLD

American Oil and Gas Journal

EDITOR'S NOTE:—Since Americans—including the businessmen, of course—regard themselves as normally intelligent human beings, it doesn't seem logical that they should continue to sell oil, crude as well as refined, to the Japanese militarists, who scarcely conceal their intention to launch an attack on the United States and its possessions as soon as they finish the China job.

Many American businessmen, in their search for easy profits, have excused their sales of oil and other essential war materials to the Japanese on the ground that if they don't sell it, their competitors will. It now appears that that argument no longer holds good, as a *Havas* (Feb. 23) message from Washington stated that American oil companies had finally agreed, after a series of conferences, to cease lending technical aid to Japan (and Russia) in the manufacture of high-test aviation gasoline. The action was being taken, according to the report, in response to a declaration of the State Department last Dec. 20 in which a "moral embargo" was placed on blueprints, plant, manufacturing rights and technical information used in the manufacture of high octane gasoline to countries whose air forces bomb civilian populations.

Recently it was rumored, but not confirmed, that a number of American engineers who were assisting the Japanese in the construction of a plant for the manufacture of airplane gasoline, had packed up and left the country. The Japanese Army and Navy authorities had secretly purchased the plans for the construction of such a plant, hoping they would be able to complete it before the United States placed an embargo on the export of the type of gasoline which is an absolute necessity in the operation of fighting aircraft.

The accompanying article, reproduced from the December issue of the *American Oil and Gas Journal*, gives the first authoritative information about Japan's desperate predicament—in her naval expansion program as well as her invasion of China—in the event she is no longer to obtain oil supplies from the United States.

Rumors that the British Asiatic Petroleum Company, which obtains its oil supplies in Netherlands Indies and Iraq, would continue to sell to the Japanese, may be dismissed. While it is true that the British have not cancelled their trade treaty with Japan, it is unlikely that after their sad experiences since the beginning of the Japanese invasion of China they will continue to supply their chief enemy in the Orient with the means of continuing a war which is more and more menacing the vital interests of their empire.

There have been reports of extensive Japanese oil purchases in Mexico, but this would not solve the high-grade aviation gasoline problem referred to in the accompanying article. Oil purchases in Mexico would, however, solve the problem of fuelling the Japanese fleet.

The Japanese Government, prior to the outbreak of the Sino-Japanese hostilities, passed a law requiring foreign oil companies selling in Japan to maintain a full year's stocks in storage in Japan. This created serious complications for the foreign companies, but ultimately was solved by the creation of Japanese subsidiaries which operated as holding companies for the vast storage of oil. The serious exchange situation probably has caused the Japanese to use up much of the stored oil in recent months.

NOTE: Par Value of Yen—U.S.$.4982
Present Quotation—U.S.$.2349

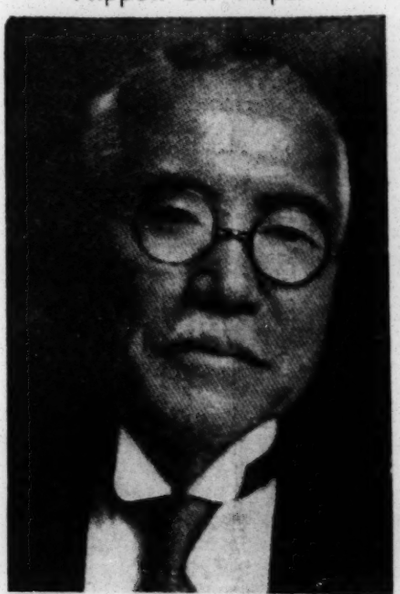
THE year now drawing to a close was devoid of important technical oil developments in the Japanese Empire. Crude production in Japan witnessed a drop which helped to increase the empire's dependence on foreign supplies. A large Cross cracking plant was completed, and two polymerization plants are nearing completion. Coal liquefaction projects, in which Japan has invested several hundred million yen, have not yet advanced to the production stage, and are unlikely to contribute substantially to Japan's fuel supply within the next 2 years.

In the 2½ years which have elapsed since the outbreak of the China "incident," the Damocles sword of an American embargo on oil shipments to Japan has been hanging ominously over Japan's militarists, and the danger that the hair may snap is increasing as the deadline date of the expiration of the American-Japanese Treaty of Commerce and Navigation (January 26) nears. If and when an embargo comes, both the United States and Japan will lose, but for Japan the consequences must be disastrous. Her efforts to open up independent sources have not borne fruit, but dependence on American supplies has increased to more than 80 per cent of her total imports.

PARLIAMENT VOTES PROSPECTING SUBSIDIES

The question of Japan's ability to meet fuel needs, especially with regard to the necessity of her command in the Pacific, was raised in the House of Peers early this year by Baron Toshiatsu Sakamoto in the course of an interpellation. "We know," he said, "that Admiral Yonai, the navy minister, told us the other day that we might rest assured as to the defense of the Pacific. Are we to understand from his statement that we feel secure as to the fuel question relating to the sea power of our country?"

Nippon Oil Taipan



Keizaburo Hashimoto, chairman of the board of Japan's fifty-million-yen East Asia Fuel Industry Co., which will produce aviation fuel by catalytic cracking. He is also president of the Japan Petroleum Co.

Referring to American plans and proposals to fortify Guam Island and the Aleutian Islands, Baron Sakamoto asked if the authorities were taking proper measures about petroleum resources, the internal output in the country being only 10 per cent of the requirement.

He thought that the estimates budgeted for the subsidies for the development of oil resources were decidedly too small. The proposed appropriations should be raised two or three times as much in order to increase oil production as many times, he said. From this consideration he suggested that a total of 300 million yen should be expended over a 5-year period to aid development of oil resources.

On behalf of the government, Premier Kiichiro Hiranuma stated that the fuel question was far from being neglected by the government, fairly substantial appropriations being asked for under the new fiscal program. Yoshiaki Hatta, commerce and industry minister, hoped the country would attain a self-sufficient position in fuel in the nearest possible future. He believed the petroleum reserves in the country were by no means scanty as thought by some and the government was ready to increase its subsidies with the progress of geological research now under way.

Appropriations for the 1939-40 operating year were subsequently set at 6 million yen, to cover the cost of 102 test wells. Drilling was undertaken in the Akita, Tsuchisaki and Nagaura districts, but the results have

not been revealed. Great activity was witnessed in the Kotaki field, where several wells came in at comparatively low depths. Oil was struck at three places in the Omono River district, Akita prefecture, only 300 ft. deep. Altogether 1,896 wells were in operation in Akita prefecture in May this year, an increase of 102 wells over May, 1938. But only 12 wells were new producers against 15 in 1938. Kokuni-Innai was the leading field with five producing wells, followed by the Yabase field with four wells, and the Yuri-Michikawa field with three wells.

The Japan Petroleum Co. started work on a 12,000-ft. well at its Kinsui oil field in Formosa, and on several other wells of more than 10,000 ft.

Deep drilling was resumed in superannuated fields in Niigata prefecture, where wells were extended by 3,900 ft. to a depth of 4,500 ft. in the hope of striking secondary beds.

PRODUCTION BOGS DOWN

The net result of these and other efforts to push production was not altogether comforting. Though fields of some promise were reportedly discovered and partly developed, shortage of labor and steel materials had an extremely unfavorable effect on field operations, and it is estimated that crude output for the year will remain below, or at best equal, that of 1936. The publication of mineral statistics was suspended in August, 1937 and exact figures are therefore unavailable. The general trend of crude-oil production since the outbreak of the Sino-Japanese hostilities is, however, sufficiently known to enable close estimates to be made. Output for 1937 advanced approximately 10 per cent over 1936, although a reaction set in late that year. The decline then continued at an accelerated pace, with the net result that Japan is now back to the point where she started when the China "incident" got under way.

Oil Head in Sakhalin

Vice-Admiral Masazu Sakonji, president of the North Sakhalin Petroleum Co., a Japanese concession on Soviet territory.

Crude-oil production in Japan in recent years, converted from Japanese units into barrels of 42 U.S. gallons, was as follows, including estimates for 1937, 1938 and 1939.

	Barrels
1931	1,966,000
1932	1,630,000
1933	1,455,000
1934	1,834,000
1935	2,250,000
1936	2,445,000
1937	2,689,000
1938	2,823,000
1939	2,400,000

SAKHALIN CONCESSIONS ISSUE

So far as Japanese import statistics are concerned, it is customary to include the output of the Kita Karafuto Sekiyu K.K. (North Sakhalin Petroleum Co., Ltd.) in crude production for Japan. However, Sakhalin oil is not included in the above figures. Although the Japanese foreign office again frequently denounced the Soviet authorities for alleged interference with the operation of Japan's concessions there is no positive evidence that the leases have actually lost their value as an important source of Japanese crude-oil supply. The operating company has not published output statistics for the past several years, but it is estimated that shipments from Sakhalin in 1938 aggregated 250,000 tons, or approximately 1,750,000 barrels, and this year's shipments are expected to reach the same total.

It appears that the principal grievance of the Japanese is the refusal of the Soviet to sell oil from such fields as they operate themselves. Until a few years ago they did not have much use for the crude oil and sold a large portion of it to the Japanese on very favorable terms. With the completion of a large refinery at Khabarovsk in 1936 a more useful outlet was found, and the Japanese have since been unable to send home more than they produce.

The narrow semiarctic strip of land on the eastern coast of North Sakhalin, on which Japanese and Soviet oil fields are strategically spotted in checker-board fashion, is likely to remain a severely contested bone of contention between the U.S.S.R. and Japan.

It is the only productive oil area outside of but within economic distance from oil-hungry Japan; and Nipponese enterprise has contributed much to its development. To the Soviet, the Japanese concessions are an undesirable vestige of capitalist enterprise, wrested from the hard-pressed Kremlin in the early 'twenties at the point of the bayonet; and, if not for ideological reasons, they would like to abolish them in order to increase their own oil supplies in the Far East. The industrial development of eastern Siberia has upped oil consumption beyond the capacity of the Soviet-managed Sakham wells to produce, and while the Japanese are carrying away crude oil from Sakhalin, Siberia is importing crude oil and gasoline from California.

The chronic tension over the Sakhalin leases is hardly likely to subside unless new important oil discoveries in the Soviet Far East should divert the Kremlin's interest from this easternmost mineral treasure of the Soviet Union.

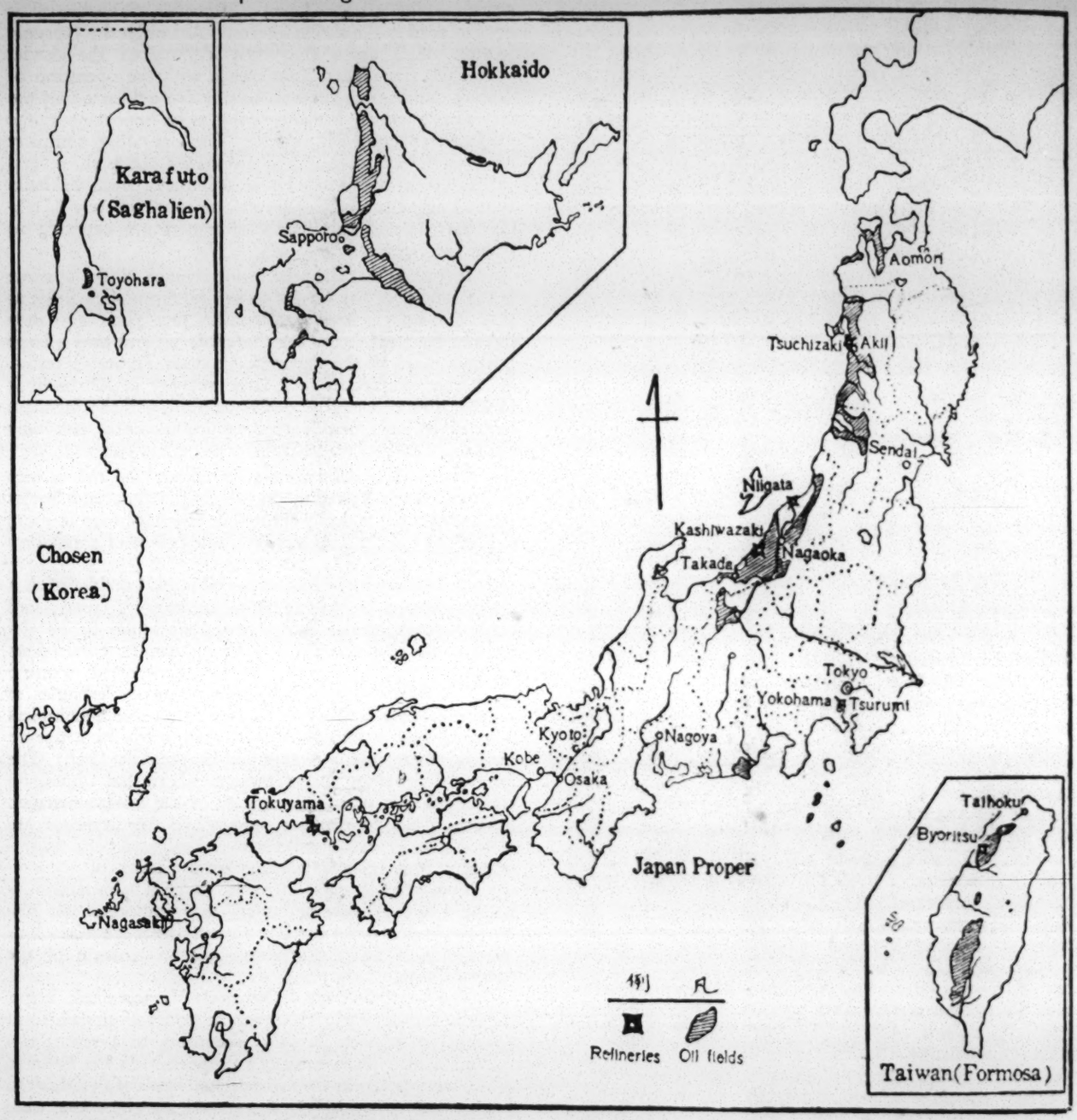
The Japanese-owned Compania Veracruziania began to drill for oil early this year in concessions which it obtained in Mexico in 1937, according to a report circulated here. The company's properties on the Isthmus of Tehuantepec, near the expropriated lands of the Mexican Eagle Co., cover 10,000 acres, and the Japanese were trying to obtain further concessions of 200,000 acres in that region. It was understood that the concessions included a cooperative arrangement with the Mexican Government.

The Japanese are importing drilling machinery, and have contracted with a Mexican firm for the drilling of a maximum of 20 wells a year. The Japanese company is financed with $15,000,000 provided by the Chunanbei Crude Oil Importing Co., which is affiliated to the Nippon Soda Co. in Tokyo. The company has some Mexicans among its officers. The same company also attempted to swap soy beans for Mexican crude, but the deal was blocked by the Cardenas Government.

The plans of the Japanese to build a pipe line from oil fields on the east coast to Salina Cruz on the Pacific are considered to be impracticable, because pipes laid in such marshy regions would deteriorate rapidly. If an important field were discovered on the east coast, the possibility of transporting the petroleum through the Panama Canal remains.

Unconfirmed rumors have it that a Japanese pros-

Map Showing Locations of Oil Fields and Refineries in Japan



pecting crew is also active in Iraq, under an arrangement with the government of that country which is said to provide for the possibility of lease contracts.

FIRM TO PRODUCE AVIATION FUEL

One of the largest cracking plants ever built in Japan was completed at Tsurumi, near Yokohama, by the Mitsubishi Oil Co., a joint enterprise of the Mitsubishi Trading Co. and the Tide Water Associated Oil Co. The plant is of the Cross type, and D. D. McGregor, until recently Mitsubishi Oil's vice-president, was in charge of design and construction.

The same company has started work on the construction of a polymerization plant to produce isooctane aviation fuel, but the commercial success of the venture is doubtful in view of the small quantity and poor quality of cracking gases which are available at any given point in Japan. A second isooctane polymerization plant is under construction by the Nippon Petroleum Co.

Catalytic cracking, as an alternative method of producing aviation fuel, has recently caught the interest of military circles. Under directions from the army, eight leading producers and refiners jointly organized a 50 million yen concern to engage in catalytic cracking. The company, which was established in July, goes under the style of Toa Nenryo Kogyo K.K. (East Asia Fuel Industry Co., Ltd.) and has its head office in Tokyo. The joint investors include the Japan Petroleum Co. (whose president, Keizaburo Hashimoto, is concurrently chairman of the board of directors in the new company), the Ogura Petroleum Co., the Mitsubishi Oil Co., the Hayama Oil Co., the Maruzen Oil Co., the Nitsu Oil Co. and the Chosen Oil Co. The site of the plant will probably be near Osaka or Nagoya. Enpei Nakahara, of the Ogura Oil Co., is in charge of all technical affairs of the concern, and in this capacity he recently left for the United States to make arrangements with American engineering companies for delivery of the requisite designs and equipment.

Restrictions on consumption of gasoline for other than military purposes were considerably tightened in

the course of the year, and substitute fuels, ranging all the way from solid substances, such as wood and charcoal, to compressed gases, became an increasingly important factor on the market.

Installations of charcoal-gas generators in buses, trucks and even passenger cars have become a common sight, and several prefectural police authorities have revised regulations governing the handling of compressed gases to enable vehicle operators to carry a supply of natural gas, town gas or producer gas in steel containers. The opening of several "gas" stations has been licensed. Carburetors have become a useless encumbrance, and it was reported early this year that the Tokyo Metropolitan Police Board was refusing to accept new registrations unless the cars submitted for inspection had this device removed as bona fide evidence of the operators' intention to run on substitute fuels.

POWER ALCOHOL PRODUCTION INCREASES

The scant rations of gasoline which are still allowed to the public are "stretched" with alcohol. The blending ratio has been steadily increased, from 5 per cent for one-fourth of the filling-station gasoline, to 10 per cent of all gasoline. It is planned to increase the ratio to 20 per cent. Five plants for the production of power alcohol were completed by the Ministry of Finance (it's a government monopoly since 1936) in 1937, six in 1938, and more than 10 were either completed or under construction by the end of 1939. The government program provides for a total of 60 plants by 1943, each capable of producing 3,600 kl. annually.

Further rapid development of alcohol production will depend on Japan's ability to produce enough of the requisite starting materials (potatoes, sweet potatoes, molasses), which appears a difficult task in view of the recent downward trend of agricultural production. Efforts have been made to lighten the burden on Japan's farmer, and several plants were to be built to treat wood shavings and sawdust. But here Japan's dependence on German engineering assistance is interfering with the plans. One Scholler plant was nearing completion in Korea last summer, but the outbreak of the European war halted the construction work.

The European war likewise has been the cause of a further delay in the completion of several coal-liquefaction plants.

(To be concluded next week)

Sir Stafford Cripps, Leftist M. P., to Visit Shanghai

Sir (Richard) Stafford Cripps, British leftist leader, member of the Labor Party in Parliament from East Bristol since 1931, is expected in Shanghai shortly for a visit prior to proceeding to Japan, Canada and the United States on his way home to Great Britain.

Sir Stafford arrived in Nationalist China several weeks ago, having traveled from England by way of India and Burma. Recently he made a trip to Sinkiang Province where he delivered a number of speeches and conferred with Chinese and Soviet officials. He traveled to China's most western province on the tri-motored airliner Chengtu, making stops at Hami and Tihwa. Whether he proceeded to Moscow is not known, but according to *Reuter* report from Chungking on Feb. 8, he was the first British national granted a permit to visit Sinkiang by the Chinese authorities since the outbreak of Sino-Japanese hostilities.

While Sir Stafford was in Sinkiang, Gen. Sheng Shih-tsai, Defense Commissioner of Sinkiang, Governor Li Yung and various public bodies in the province issued a joint statement denouncing Wang Ching-wei. The Sinkiang leaders offered Gen. Chiang Kai-shek their services in defeating the traitors.

Sir Stafford was born April 24, 1889 and received his education at Winchester and University College, London. He became a Barrister-at-Law, Middle Temple, 1913 and served with the Red Cross in France in 1914. He was appointed Assistant Manager of H. M. Factory, Queens Ferry, 1915 and in 1930-31 was Solicitor-General. He is a Fellow of University College. He has written numerous treatises on Socialistic topics, among them being "Cripps on Compensation," and "Cripps on Church and Clergy."

Dr. Tsai Yuan-pei, Distinguished Chinese Scholar, Dies at 72

Dr. Tsai Yuan-pei, noted Chinese scholar and educator, died at Hongkong on March 5 at the age of 73. A native of Shaohsing, Chekiang, Dr. Tsai dedicated most of his life to the promotion of education in China. He was chancellor of the National Peking University for many years and at the time of his death was president of the Academia Sinica, China's National Central Research Council.

Deceased

Dr. Tsai Yuan-pei

The late Dr. Tsai was also prominent in Government and Kuomintang Party affairs. He held the post of minister of education twice and was once president of the Control Yuan. Closely associated with the Revolution of 1911 which overthrew the Manchu Dynasty. Dr. Tsai was an early collaborator of Dr. Sun Yat-sen and a veteran member of the Kuomingtang. He was a member of the Central Supervisory Committee and of the Central Political Council of the Kuomintang since 1926.

After having acquired a thorough classical Chinese education in China and winning the degree of Hanlin Compiler under the Manchu regime, Dr. Tsai went to France and Germany. In Germany he studied at Leipzig University and took courses in practical psychology and esthetics. He also attended the Practical Psychology Research Institute and the Institute for Research into the History of World Civilization. He went to France shortly after the establishment of the Chinese Republic. Besides studying French, he also assisted Li Shih-tseng and Wang Ching-wei in managing the Educational Institute for Chinese Laborers and in organizing the Sino-French Educational Association.

Dr. Tsai was author and translator of many books, including "The History of Chinese Ethics," "The Outline of Philosophy," (translated from German), and "Study on 'Red Chamber Dream," (a Chinese novel). He founded the Ai-Kuo Girls' School in Shanghai in 1901 and in 1903 edited a newspaper in Tsingtao called *Russia*.

'Dangerous Thoughts' Still Flourishing in Dai Nippon

A wag with a keen appreciation of the tenacity of liberty of thought once remarked: "He would be a clever policeman who could arrest the spread of ideas." Here is something that the police-minded rulers of contemporary Japan might ponder with profit. Some years ago they set out to eradicate "dangerous thoughts" from the minds of the inhabitants of the Island Empire. They broke up the Japanese Communist Party, threw its members into prison and then extended their zealous snooping activities to all and sundry of the population who failed to think well, or well enough, of the ruling clique and its policies. University professors of liberal leanings, students and teachers cast in the same psychological mold, humanistic writers and countless others were spied upon and made victims of eavesdropping. Many were cast into jail. Some have never been heard of since. So great was the "purge" that it seemed as if liberal and enlightened thought in all its branches had been virtually extinguished in Japan by the destruction of its carriers.

But it seems not. A *Domei* report from Tokyo last week informed us that the scope of the "Peace Preservation Law," alias the Dangerous Thoughts Suppression Edict, is to be extended to include not only "right" and "left" extremists, but other "thought offenders" not hitherto thought of. The revised statute, which probably will be introduced in the fall session of the Diet, will also deal with "mass offenses" and will provide for the "preventive arrest" of suspects. All this was contained in a statement made Mar. 1 in the House of Peers by Mr. Shotatsu Kimura, the Minister of Justice. "Preventive arrest," by the way is permitted by British law.

Admiral Yonai, the Japanese Premier, had something to say on the same subject in the House of Representatives the following day, when he announced that "firm action" would be taken by the Government against those who "misunderstand" the objective of the Japanese military campaign in China.

And so we have two official admissions that "dangerous thoughts" are still sufficiently widespread in Japan to be disturbing to the swashbuckling militarists and their puppet politicians who for the time being control Dai Nippon's destiny.

Britain Embroiled with Italy Over Coal Seizures; Attempt to End Italian Neutrality Seen

PROPOSAL TO PURCHASE BERMUDAS INTRODUCED IN U.S. SENATE

A Bill containing a proposal that the United States should purchase the Bermuda islands and set off against the purchase price the debts owing by Great Britain to the United States, was submitted in the U.S. Senate on Feb. 29 by Senator Reynolds, Democrat of North Carolina. It is proposed that the State Department open immediate negotiations with the British Government with a view to purchasing the Islands, the point being made that the detention of American air mail at the Bermudas would cease if the Islands pass into American possession.

WITH Viipiuri (Viborg), Finland's largest city after Helsinki, about to fall before the onslaughts of the Soviet Red Army, a new turn in the European war situation occurred this week as Britain insisted, despite vigorous protests from Rome, on seizing cargoes of coal bound for Italy from Germany in both Italian and other neutral ships.

Though ostensibly the British stand is merely part and parcel of the Allied policy of strangling Germany economically, there is good reason to believe that stoppage of German coal exports to Italy is above all intended to force Italy into the ranks of the Allies by means of economic pressure. Italy's poverty in coal and her dependence on cheap German supplies of the fuel are well-known. If these supplies are stopped, Italian Fascism will have to look to the Allies for its coal and thus be drawn into the orbit of the anti-German coalition. The Allies have for some time been considering the possibility of attacking Germany through Italy in view of the tremendous risks which would attend an offensive on the Western Front. For that, however, they must first break Italy's vital economic ties with Germany. If this can be accomplished, Il Duce may be compelled to recognize the impossibility of continued neutrality.

It may not work out this way, of course. Instead, Italy may throw in her lot with Germany and fight the Allies. That this is also a possibility was indicated Mar. 3 in a report which appeared in the New York *Herald-Tribune* stating that the Italian Government had decided to call 2,000,000 reserve troops to the colors. Although this decision was characterized as a precautionary measure against the spread of hostilities to the Balkans, the British move to stop German coal from reaching Italy undoubtedly has a bearing.

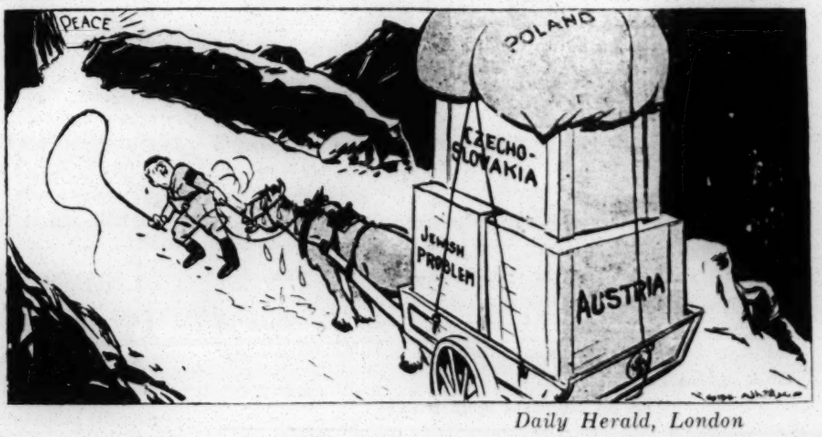
The British Government countered the Italian mobilization by disclosing (*United Press* from London, Mar. 5) the concentration of African troops in Kenya colony, next door to Italy's colony in Ethiopia, but described it as "normal war procedure" not connected with Italy's protest against the seizure of German coal exports.

Britain's decision to seize such exports went into effect at midnight on Mar. 1. Six Italian colliers left Rotterdam with German coal on Mar. 4 in defiance of the British ban, while eight more were due to sail the following day. In a note delivered to London on Mar. 4, the Italian Government warned Britain that seizure of German coal bound for Italy would seriously compromise Italo-British commercial and political relations. It accused Britain of abusing her rights as a belligerent and of violating international law by damaging the rights of a neutral.

Ignoring the protest, the British detained two of the Italian colliers which left Rotterdam, an announcement to this effect being made in the House of Commons Mar. 5 by Mr. Ronald H. Cross, Minister of Economic Warfare. "German coal exports to Italy have now ceased," the Minister declared. Since then, six more Italian colliers have been held. The next move now appears to rest with Italy.

The massive Red Army offensive on the Karelian isthmus had brought Soviet troops into the suburbs of Viipuri early this week and hand-to-hand street fighting was reported taking place within the ruined city, the Finns contesting every foot of the Red Army's advance. Hope prevailed in Helsinki that a blizzard would hold up the invaders and enable Finnish troops to entrench themselves firmly on a new defense line where they could hold out until the spring thaw, which will turn the terrain into a quagmire, comes to their aid.

It's Becoming Overloaded



Daily Herald, London

President Roosevelt has signed the Bill increasing the revolving fund of the Export-Import Bank and the latter has now extended a $20,000,000 credit loan to Finland which will be used to secure much-needed war supplies. At the same time, Finns in the United States are reported to be forming a volunteer brigade which will be sent to aid in Finland's resistance against Soviet invasion. According to a *Transocean* report from Amsterdam, Major Kermit Roosevelt, 50-year-old son of the late President Theodore Roosevelt and a British subject who was serving as an officer with the British Army, has received permission from the British War Office to resign his commission in order to command a British unit in the International Volunteer Corps in Finland. He will have the rank of colonel.

Rumors that Soviet Russia might enter into peace negotiations with the Finnish Government at Helsinki after the fall of Viipuri were dispelled by the Moscow radio station on Mar. 2 with the announcement that on no account would the "civil war" in Finland be ended in the manner desired by Mannerheim. "Twenty years

ago the British and French imperialists saved the Finnish White Guards from annihilation, but this will not happen again," the announcer declared.

Sir Paul Dukes, British Intelligence Officer attached to the British Embassy in Moscow, returned from the Finnish front last week-end and according to a *United Press* dispatch from London reported that Soviet Russia had lost 500,000 men during the first three months of the war against Finland. He estimated that 100,000 Russian troops had been killed on the Mannerheim Line front alone, and said that the Finns had captured or destroyed at least 1,200 Soviet tanks and more than 500 Soviet planes. But despite these terrific losses, he warned that Russia could place between 15 and 20 million men in the field if necessary and urged speedy dispatch of arms and munitions to Finland.

If a Stockholm report from Moscow (brought to Shanghai by the *Domei* agency) is correct, Dictator Joseph Stalin is feeling the strain of war worries. The report said he was ill and had been confined to bed in the Kremlin since mid-February. His condition was said to be serious, although the character of his illness could not be learned.

Another motion to sever diplomatic relations with Moscow was defeated in the United States Senate on Feb. 26 when a motion by Senator Lodge, Republican, calling for cancellation of budgetary appropriations for the U.S. Embassy in Moscow, was voted down. In an apparent effort to improve Soviet relations with America, which have visibly worsened in recent weeks due to the Soviet invasion of Finland, Foreign Commissar Molotov gave a luncheon in honor of the American Ambassador to Moscow, Mr. Lawrence Steinhardt, on Feb. 28. *Transocean* said that the affair had added significance in view of the fact that M. Molotov usually is very reserved with foreign envoys in Moscow, leaving his assistants to deal directly with them.

The U.S. Department of Commerce published figures last week showing that American exports to Soviet Russia are 59 per cent higher than they were a year ago, the chief increases being in metals and finished products. The view is said to prevail in Washington political circles that this favorable trade is the reason for the Administration's opposition to severing diplomatic relations with the Kremlin.

Unofficial action against American trade with the Soviets was seen late last week when employees of the New York Die-Casting Corporation at Mount Vernon, New York refused to work on a Soviet order for tank and tractor parts. The employees are mostly Finns or other Scandinavians, *Reuter* reported, adding that the company president had been obliged to inform the Soviet Commissariat of the Machine-building Industry that Soviet orders could not be fulfilled as they might cause disorders in the plant.

A highly significant report carried from London by *I.N.S.* on Mar. 2 stated that a phenomenal rise had taken place in the value of pre-revolutionary Russian securities. Annulled by the Soviet Government at the time of the Bolshevik Revolution in 1917, the securities continued to be quoted on the Paris Bourse, although they had dropped to a small fraction of their issued value. Now, it is stated, their value has doubled. The same report said that British owners of Tzarist Russian oil shares are becoming "increasingly optimistic." Appreciation of the old Tzarist shares and securities clearly reflects the view of the holders that intervention against Soviet Russia, resulting perhaps in the overthrow of the Soviet Government, has become a distinct possibility.

Summer Welles, U.S. Assistant Secretary of State and President Roosevelt's roving envoy in Europe, arrived in Berlin last week-end and conferred at length with Chancellor Hitler and other Nazi leaders. Early this week he was en route to Paris and London via Switzerland. He is also expected to visit Belgium and Holland and the Scandinavian countries.

Chancellor Hitler, according to a dispatch from Rome by Karl Von Wiegand, well-known Hearst correspondent who used to be stationed in the Far East, told Mr. Welles that the question of peace or war is now up to Britain and France who started the present conflict and that Germany's plan for "everlasting peace" in Europe is based on the idea of the American Monroe Doctrine, which Herr Hitler believes is a worthy example to follow and suited to his German policy for Europe. Hitler's stand is said to have dissipated any hope that might have existed for peace in Europe by spring.

Correspondent Von Wiegand also had something to say about Mr. Welles' talk with Premier Mussolini in Rome. He had learned, he said, that Mr. Welles was profoundly impressed by Mussolini "who in magnetic personality, charm, fascination, brilliant conversation, clarity of thought and forceful, precise views outshines all other statesman in Europe. This was Welles' first meeting with a live modern dictator and he was said to have made an excellent impression in Rome."

Ruthless warfare on the seas has been an outstanding feature of the past week's war news, with both belligerent and neutral ships going to the bottom with dismal regularity day after day. Three British ships were damaged or sunk over last week-end alone, with a death toll of at least 139 persons. The vessels were the British India steamer Domala, 8,440 tons, which was bombed from the air by Nazi war planes but managed to make port, and the Cato and the Albano which were sunk. The captain of the Domala was killed when his ship was bombed, while 20 British subjects out of 48, and 88 British Indian subjects out of 253, were missing and believed dead.

Official Nazi sources, according to a *Domei* report from Berlin on Mar. 3, have laid down the establishment of freedom of the seas as one of the cardinal points of Germany's peace terms. They want, in particular, abolition of British control of the navigation routes from Europe to the Far East by the dismantling of British fortifications at Gibraltar, Malta, Singapore and other points commanding the sea lanes from Europe to the Far East. Such dismantling, it was stated, would be a pre-condition to Germany's attending any international disarmament conference.

A warning to the British people not to expect an easy victory over Nazi Germany was voiced by Sir John Simon, British Chancellor of the Exchequer, on Mar. 2 in a broadcast speech from London. "Because so far we have been able to sleep quietly in our beds and the full rigors of war have not touched our lives, we should not draw the false conclusion that victory may in the end be secured cheaply," he said, adding: "We have opposed to us a very tough, stalwart and numerous people, innured to the severest discipline and welded into a single mass by the most drastic methods which they dare not oppose even if they wished to do so. When I am asked to distinguish between the German leaders and the German people, I reply that I shall be ready to do so when the German people themselves make plain the distinction. I would advise you to disregard or discount stories of internal disagreement or disruption in Germany. The only wise course is for us to resolve and prepare to face the united strength of Hitlerism for so long as is necessary, and to hold to the view that the only possible conclusion of the war for us will be the disappearance of Hitlerism."

Kunming Student Relief Projects

BY SHIH PAO-CHEN & RUTH L. PACKARD
Student Sec'y *N. C. Sec'y*
Y.W.C.A. of China

Editor's Note:—There are now more than 10,000 Chinese students in Kunming, capital of Yunnan Province. They have gone there from all parts of China to continue their education in an atmosphere free from Japanese domination and their presence has made Kunming a leading educational center. Large numbers of the students have lost their families. In other cases, families of students have lost all their possessions, thus making it necessary for various organizations to extend relief to the students. In the following pages we reproduce some of the cartoons drawn by students in contests described in this article.

ON the shady side of a sunny courtyard in Kunming four college students bend over a mimeographing machine. Around them on the paving are the inky sheets which indicate that the drum is not inking properly but finally they stand straight and the machine begins to turn out sheet after sheet once more. Inside, another student is folding and stamping similar sheets. From a side room comes the tap-tap of an amateur typist.

These students are all working on the news digest in English which was one of the students' self-help projects sponsored by the joint Y.W.C.A.-Y.M.C.A. Student Relief Committee in Kunming last summer. During the spring the far-sighted committee realized that many students would be staying in the city over the summer months with little to occupy their time. Of course the committee had the money to meet their physical needs but it was also concerned about their morale and so they set themselves to create activity that would not only be satisfying and helpful to the students but meet some of the needs of the community as well. Four such projects were planned, including the news digest, a rural service project, a handwork project, and a contest in international publicity materials. In addition to four thousand dollars from the National Student Relief Committee which would have been forthcoming in any event, the community raised over five hundred dollars for the projects.

The news digest in English met a very definite need, as Kunming has no English newspaper, and this venture has become a permanent feature. From the beginning an advisory editorial committee was organized, including foreigners who gave daily help to the student staff in editing the digest. One foreigner contributed a typewritten summary of the London broadcast every morning. A news agency allowed access to their bulletins. One of the universities allowed the use of thier mimeographing machine and the associate general secretary of the Y.M.C.A. contributed a typewriter. Sixteen students took part in collecting the news, translating from the Chinese newspapers, typing the rought drafts, making the stencils, delivering in the city and preparing for mailing. Over one hundred subscribers at the beginning and a continually growing list testified to the popularity of the digest.

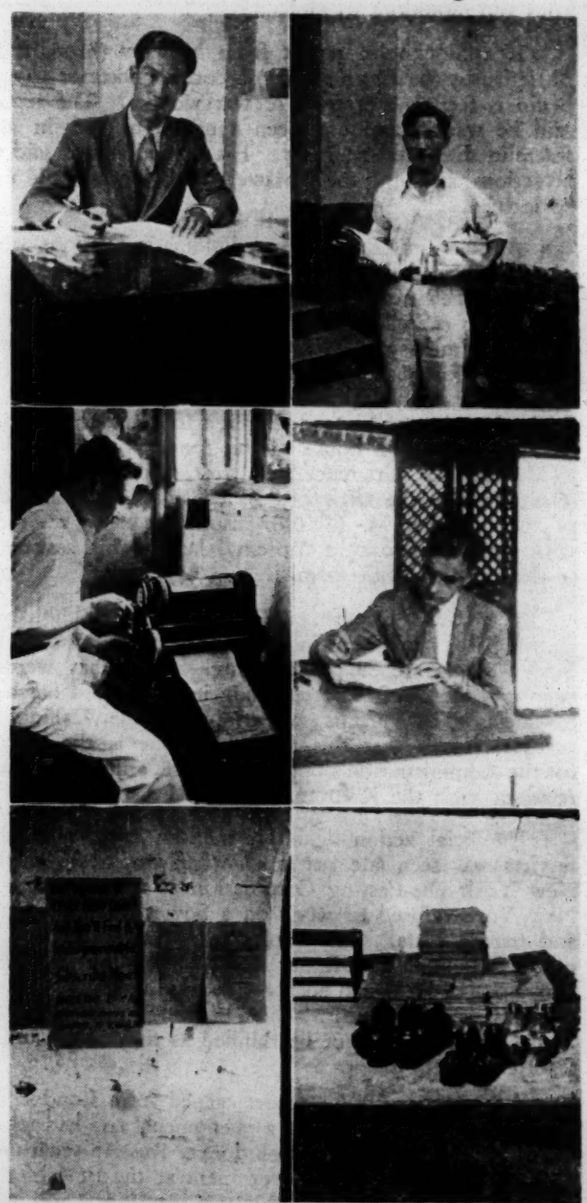
A team of eight boys and girls participated in the rural service project which went on tour through several villages throughout the countryside in August. They carried on mass education through speeches and wall newspapers, gave simple medical help through teaching first aid and giving inoculations, taught singing and presented plays, and fostered good citizenship and community responsibility by family visits and personal interviews.

The handwork project also met a very definite need in the city, the lack and high price of such supplies as ink, paste and scratch pads. Sixty students participated in this project, working in shifts of two hours each morning and afternoon. They made Chinese and foreign ink, paste and scratch pads which were sold at moderate prices to students and the general public, and brought in approximately four hundred dollars to the committee.

The international publicity contest was entered by twenty students who contributed essays, photographs, and drawings on student life. The essays could be on one of the three subjects, "Chinese Students, 1939 Model," "Chinese Education on the March," or "What Do I Learn from This War?" The photographs and drawings included snapshots of student life, maps depicting the trek of universities during this period, and cartoons to explain student activities, thinking and needs. Prizes of money contributed by the community fund were given to the best entries in each class.

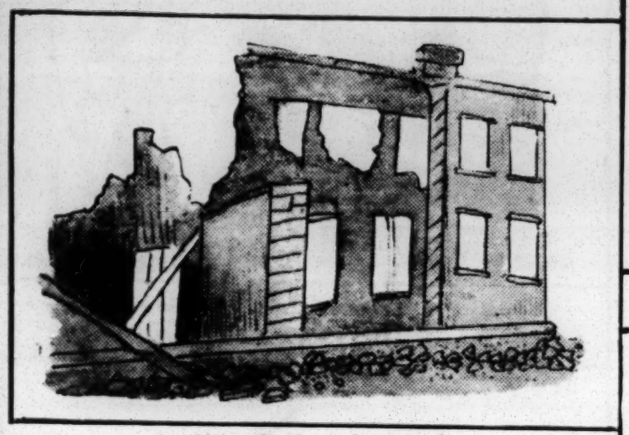
These projects, participated in by more than one hundred students, cost over four thousand dollars from the National Student Relief Fund, an amount which would have been granted regardless of the projects, plus over five hundred dollars from Kunming itself, and returned in money about one thousand dollars from the sale of goods made and from subscriptions to the news digest. They cost in time and energy to the student secretaries of the Y.W.C.A. and the Y.M.C.A. who helped supervise the projects, and the foreign advisors who contributed their interest and advice. This cost, however, weighs little in balance when one considers the intangible dividends returned in student morale maintained over a critical period of vacation, in influence on village people who had an opportunity to hear from the outside world, and in cooperative effect on the part of students, Y.W.C.A., Y.M.C.A., Student Relief Committee and community to bring together resources and needs in meeting a pressing problem.

Student Activity in Kunming



As described in the accompanying article, Chinese students in Kunming commenced publishing an English news digest last summer. This project was sponsored by the Student Relief Committee as a self-help project. Top, left, the student editor of the digest. Right, distributing the paper. Center, left, running it off the mimeograph and, right, a foreign helper doing editorial work. Lower, left, the news digest posted on a wall. Right, ink and paper prepared by the students themselves as another self-help project.

THE POOR STUDENT



1. His school is destroyed.

2. Bad news comes: His family have been seized.

3. He begins wandering with other students.

4. Gets $7 a month from the school—but it is too little.

5. Must supplement his income by teaching.

6. Buys a little extra food occasionally.

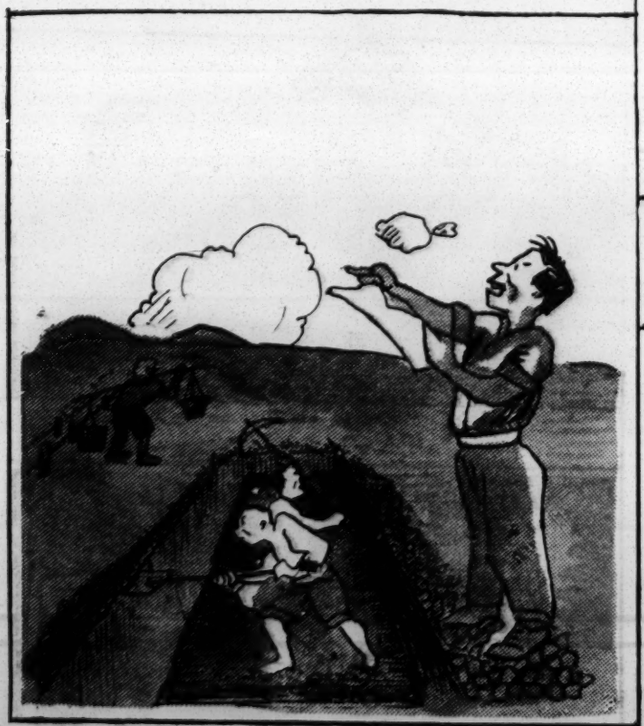
7. Has to prepare his lessons while others sleep.

WHAT DO CHINESE COLLEGE STUDENTS DO DURING TIME OF WAR?

A full 50% continue their studies despite Japanese bombs.

Twenty per cent help train the Chinese people.

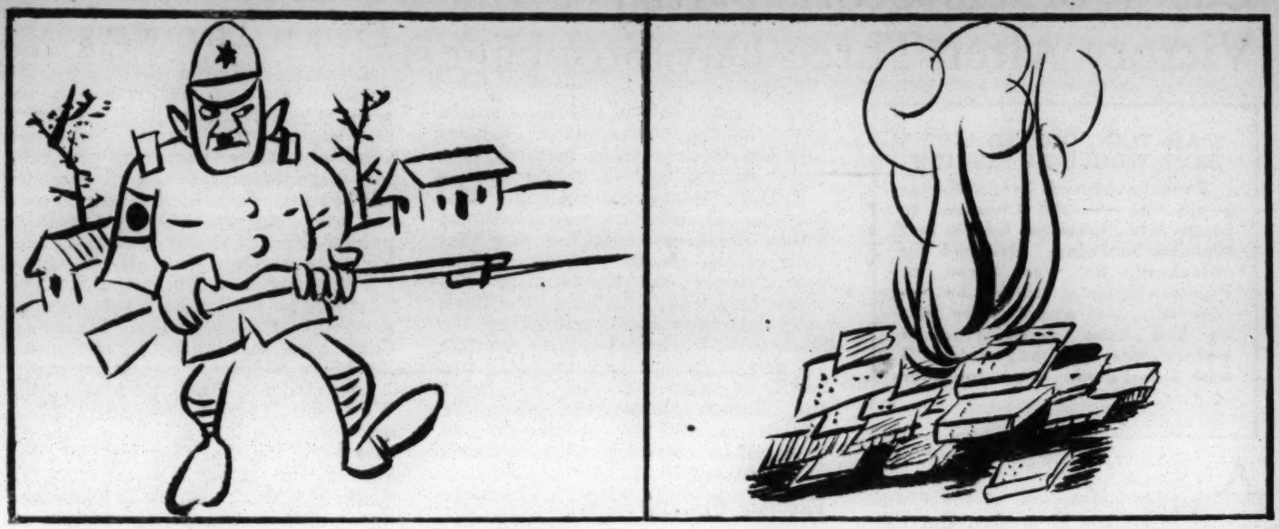
Fifteen per cent have joined the Chinese armies.



Five per cent engage in defense work and military engineering.

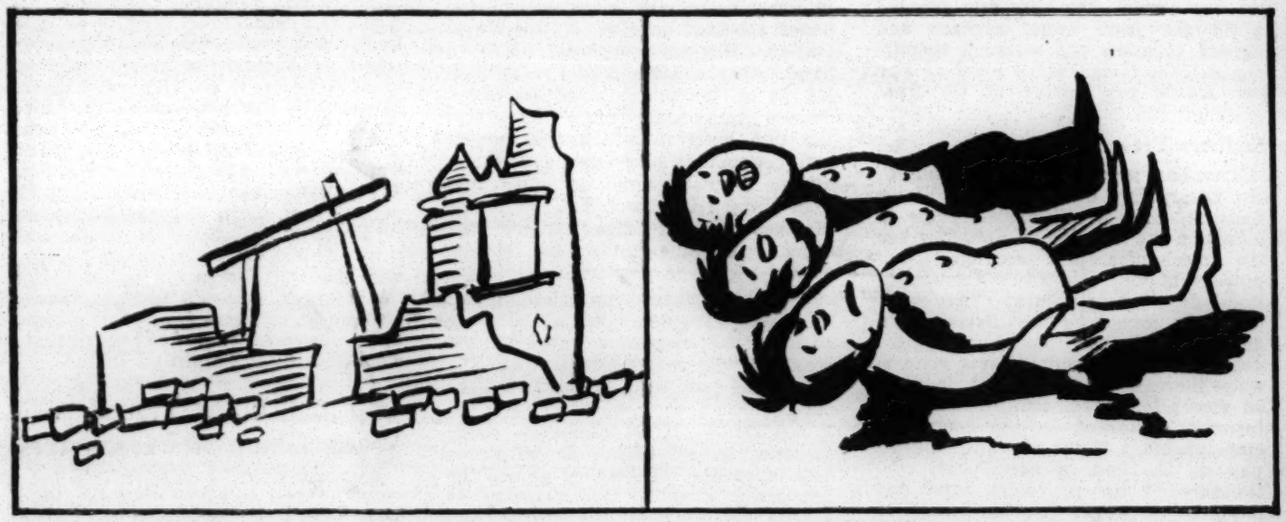
Ten per cent engage in political activities.

CHINA'S EDUCATIONAL SYSTEM HAS SUFFERED HUGE LOSSES—



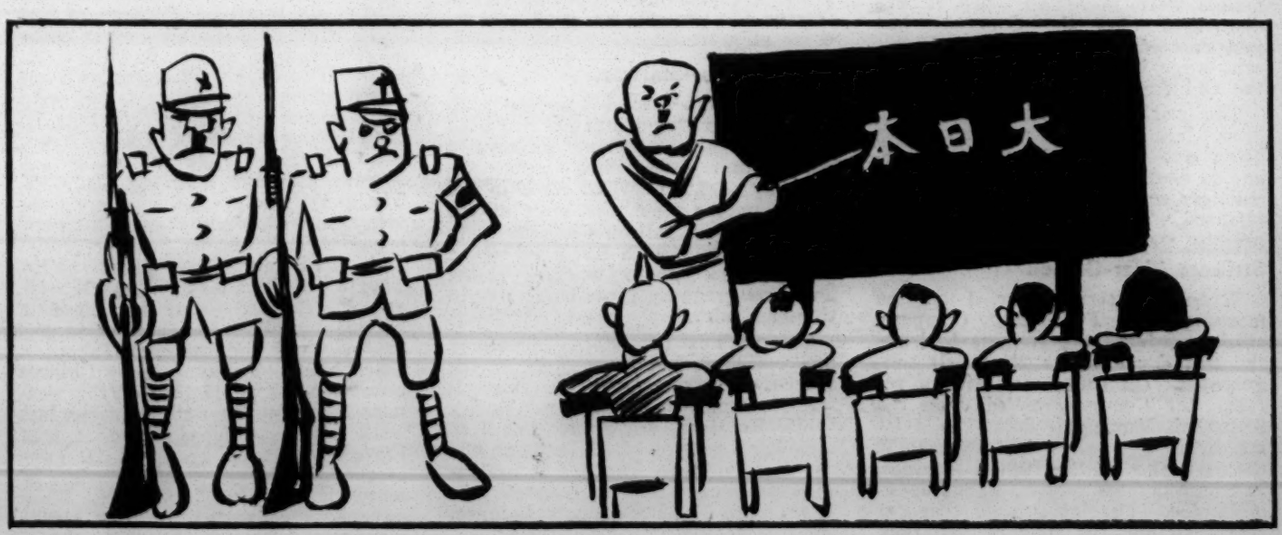
1. Since this kind of army came to North China.

2. They burn all sorts of useful books.



3. They destroy the educational institutions.

4. They arrest and shoot students.



5. They compel Chinese children to study from Japanese-prepared text books.

Bus Workers Score Partial Strike Victory After Three-Day Stoppage

"I AM TOO POOR TO LIVE," SAYS WOULD-BE SUICIDE

Poverty caused Tsang Kong-yung, 33-year-old Chinese, to jump into Soochow Creek last Monday morning. Rescued by onlookers, he was taken to Paulun Hospital where he recovered. Not at all happy that he had been saved from a watery grave, Tsang said: "I wish I had died. I am too poor to live."

A PARTIAL victory for the Chinese running staff and garage employees of the China General Omnibus Company, the British concern which operates the buses of the International Settlement, was recorded early this week when, following a three-day strike in which the more than 2,000 workers tied up the bus service, the Company granted a 30 per cent wage increase and agreed to allow the workers to purchase from them half a picul of rice per month per worker at the fixed price of $15.

Strikers Present Demands

The bus service, which is one of the enterprises owned by Sir Victor Sassoon, British millionaire, came to a halt on the morning of Feb. 29 when the mechanics and servicing employees at the company's Connaught Road depot struck work. They were promptly joined by the drivers, conductors and bus doormen. United demands were presented for a general wage increase of 40 per cent, increased rice allowances, compensation for injuries sustained in the course of employment, a bonus of a full month's pay at the end of each year, continuance of the provident fund and payment of wages for the period of the strike. Additional demands previously reported were for union recognition, an eight-hour day, and double pay for work performed on Sundays and holidays. These demands were presented when it was discovered that the Company had just granted its foreign staff a 50 per cent wage increase, with nothing for the Chinese employees.

The workers agreed to return to work last Monday morning after being out on strike for three days, and to discuss their demands with the management after work had been resumed. The above-mentioned compromise was the result.

Strikers Tear-Gassed

When the strike started on the morning of Feb. 29, Company officials ordered the strikers to leave the bus depot where they had congregated. On being met with a refusal, the Company called upon the Shanghai Municipal Police to evict the men. The police, in turn, sought the assistance of the Italian Marines, in whose defense sector the bus depot is located. The latter used tear-gas bombs against the strikers, and then attacked them with rifle butts while police used batons. More than a dozen of the workers were injured and had to be sent to hospital as a result of the forceful eviction.

J. D. E. Shotter, manager and chief engineer of the Company, told the *China Press* the following day that some of the demands of the strikers were "stupid, silly and foolish." To which he added: "We feel the Company has been badly treated by the workers." Regarding the forcible eviction of the strikers from the bus depot, he said: "We told the police and Italian Marines to eject the workers, but we also specifically told them not to injure any of the workers in so doing."

Fascists Fix Bayonets

An approving account of the action of the Fascist Marines was given by the British *North-China Daily News*. After the strikers had refused to leave the depot, stating that they intended to remain "unto death," the paper reported on Mar. 1, "the Royal Italian Marines promptly took a hand. One hundred and twenty men led by a lieutenant fixed bayonets, donned gas-masks and surrounded the two halls in which the drivers and conductors had ensconced themselves. One tear-gas grenade was then thrown into each hall while the Marines formed files outside the doors. Machine-guns were strategically placed in position.

"As the strikers came running out they were further sped along their path to the compound gates by the Marines, who prodded them with rifle butts. As soon as they reached Connaught Road they were met by the Police Reserve Unit who made them disperse in all directions with the help of batons. Thus they gained the impression, for a few seconds, of having passed from the frying pan into the fire. The effect of the tear-gas was rather much for some of them, and altogether thirteen strikers were subsequently taken to two hospitals in Fire Brigade ambulances and treated for tear-gas affection. These cases all were slight.

Mussolini's 'Stalwarts'

"It was the second time the stalwarts of the 'Regia Marina' had used tear-gas against obstinate strikers in the Italian sector this week. On Tuesday night they had come to the rescue of the American staff at the China General Edison Co. factory in Robison Road, which had been locked in by the Chinese workers there. Two gas grenades proved effective in this case also."

Chinese bus inspectors, regulators and office staff did not join in the short-lived strike, and on Mar. 1. foreign employees at the depot, mostly White Russians, drove and conducted a skeleton service of 30 buses on the two main routes. The S.M.P. assigned a policeman to ride in each bus. Fares were 20 cents for any distance, but few people patronized the strike-breaking vehicles.

Unrest Reported on French Tramways

Evidently inspired thereto by the partial success of the Settlement bus workers, employees on the street-cars and buses of the French Concession were reportedly preparing demands for wage increases and larger rice allowances. Frenchtown street-cars and buses are operated by the Compagnie Francaise de Tramways et d'Eclairage Electriques de Shanghai.

The strike of 2,500 casual laborers employed by the Public Works Department of the Shanghai Municipal Council has been settled by the granting of an additional rice allowance.

The strike of 3,000 workers at the Wing On Textile Company's plant was converted into a lock-out. Early this week, the Company finished paying off the strikers preparatory to what was described as "reorganization." Those willing to return on new conditions that were not disclosed were being registered for employment.

A slight labor disturbance was reported at the Chapei plant of the Henningsen Produce Company, an American concern, on Monday of this week when women employees demonstrated to demand continuance of free transportation to and from work. A 21-year-old Russian employee, A. I. Evdokinoff, suffered an injured arm in the demonstration and the plant was forced to shut down for the day. The company contended that about 70 per cent of their workers had gone to live north of Soochow Creek and therefore did not need transportation, and that with summer approaching their trucks, hitherto used to transport workers to and from their homes, had to be garaged so that refrigerating bodies could be put on them.

Captured Guns Traced to Wang Ching-wei Gangsters

Weapons used by gunmen in a long series of local outrages have definitely been traced to gangsters connected with Wang Ching-wei's organization as a result of examinations conducted by the ballistics section of the Shanghai Municipal Police. The weapons were seized by members of the East Surrey Regiment on Tuesday of last week when they rounded up a gang of desperadoes in the Badlands district. Two of the Mausers and one Astra pistol, gun experts found, were used in the attack by terrorists on the *Chinese-American Daily News*, pro-Chungking organ located at 160 Avenue Edward VII, last July 22. The gang, whose members were later identified with a pro-Wang Ching-wei organization, threw hand-grenades and fired numerous pistol shots. They killed Capt. A. F. "Tug" Wilson, an American citizen, murdered a handcart coolie who chanced to get in their way, and wounded about a dozen others, including three Chinese policemen. Examination of the weapons taken by the British troops last week also established the fact that they belong to a group of 20 guns responsible for a constant reign of terror here in 1938 and 1939. They have been connected up with eleven murders, attempted murders and other violent crimes.

Hongkew Police Accord Signed; Japanese Win More S.M.P. Posts

BRINGING to a close negotiations which had proceeded for many months between the Shanghai Municipal Council and the Japanese authorities, an agreement was signed March 1 providing for a return of areas north of Soochow Creek to the control of the Shanghai Municipal Police and the establishment of a new Division of the S.M.P. headed by a Japanese divisional officer. The agreement, in the words of a *Domei* report on the subject, means a "vast increase" in Japanese participation in the functioning of the Shanghai Municipal Police. Another agreement, delegating police powers in the Western Outside Roads District to a special puppet police organization over which the S.M.C. will have no real control, was signed Feb. 16.

The new agreement contains the following paragraphs:

A. 1. There shall be established a new Police Division to be known as "E" Division. The area of "E" Division will be that delineated in the map marked "Commissioner's Proposal." A candidate recommended by the Japanese authorities and approved by the Council shall be appointed as Probationary Divisional Officer of "E" Division, and upon the expiration to the satisfaction of the Council of six months' period of training he will be appointed as Divisional Officer of "E" Division.

2. A candidate recommended by the Japanese authorities and approved by the Council shall be appointed as Associate Divisional Officer for the "C" and "D" Divisions ("C" Division comprises Hongkew, West Hongkew, Dixwell and Kashing Road Police Station Districts. "D" Division comprises Wayside, Yangtszepoo and Yulin Road Police Station Districts).

3. Japanese Police Officers believed capable of taking charge of Dixwell Road and Kashing Road Stations in the "E" Division shall be placed for a period of a few months under competent foreign Officers to obtain a full grasp of the work required. After a period of from four to six months it is hoped that they may be appointed in charge of those Stations. Japanese Officers, when qualified and available, shall share the work of Charge Room duty in Police Stations in "C" and "D" Divisions.

4. The possibility of appointing Japanese Police Officers in charge of Stations outside "E" Division will be considered in the future in the light of circumstances then ruling and the personnel available.

B. The Special Deputy Commissioner acts as direct adviser to the Commissioner on all police affairs in his special capacity for which he was appointed, and in this special capacity he will always be next in power and authority to the Commissioner or the Acting Commissioner appointed during the Commissioner's absence when sick or on leave.

C. It is agreed that in order to ensure smooth and harmonious police functioning in the area North of the Soochow Creek there shall be held conferences between representatives of the Japanese Consulate-General, the Japanese Army and Navy and the Shanghai Municipal Police.

Although Chinese entering the districts north of Soochow Creek no longer need passes (this requirement having been recently abolished by the Japanese), Japanese sentries are to remain on the bridges across the Creek for the time being, a Japanese naval spokesman declared the day the agreement was signed, adding that there could be no immediate return to conditions which prevailed prior to Aug. 13, 1937, when the Sino-Japanese hostilities commenced.

Terrorism Still Feared

"We must take into consideration the realities of the situation in this part of the world today," the spokesman continued, pointing out that frequent cases of anti-Japanese terrorism had occurred north of the Creek prior to the hostilities, the police being unable to prevent them.

Regarding the question of public utilities in north of the Creek areas, the spokesman said that resumption of service by the China General Omnibus Company and the Shanghai Electric Construction Company (street-cars) would bear further study before being permitted, as such facilities would provide means of transportation for undesirable elements bent upon plying their "nefarious trade" in the Japanese-occupied sector. Both the companies mentioned have municipal franchises permitting them to operate north of the Creek, but their vehicles have been excluded therefrom since the hostilities commenced. The Japanese have for a long time been operating their own bus service in Hongkew through a Central China Urban Motor Transport Company, subsidiary of the Central China Development Company, in violation of already-existing franchises. The Central China Development Company is an octopus-like Japanese concern which controls numerous subsidiaries, including the Hongkew bus company, in the Yangtsze Valley.

Bus Route Extension

That the Japanese are not likely to readily relax their grip on public utilities which they have arbitrarily taken over in the lower Yangtsze was indicated by the Shanghai *Mainichi* on March 1. The paper reported that the company operating the buses in Hongkew has decided to extend its service over a 20-kilometer distance from the Shirakawabashi, a bridge forming the present terminus on the north, to Paoshan via Woosung.

It was stated by officials of the Settlement bus and street-car companies (also on March 1) that no arrangement had been made to extend their operating routes across the Creek as a result of the Hongkew policing agreement.

Japanese Hit Plan to Blockade Vladivostok

REPORTED British naval plans to establish blockade control points against Germany in the Far East brought a sharp warning from the Tokyo *Nichi-Nichi* on Mar. 1. If any attempt were made by Britain to blockade Vladivostok, Soviet Siberian port, the paper declared, Japan would probably lodge a vigorous protest with the British Government. The Japanese Empire, the paper went on to say, was a neutral in the European war and was anxious to keep the conflict from spreading to the Far East.

First news of contemplated British blockade measures in the Far East was a *United Press* report from London on Feb. 28 quoting a statement made in the House of Commons by Mr. Ronald H. Cross, Minister of Economic Warfare, the previous day. The Minister reportedly stated that Britain was considering the advisability of establishing contraband control near Vladivostok to prevent goods imported by Russia from reaching Germany via Siberia.

The Blockade Bases

The following day, the Tokyo *Asahi* carried a report from Hongkong stating that Britain intended to establish three blockade bases in East Asia, one at Singapore, another at Hongkong and a third at Shanghai. From these points a watch would be maintained over shipping plying along the Asia coast between Singapore and Vladivostok, it was stated.

According to a *Domei* report from Hongkong on Mar. 2, the contemplated contraband control bases, having as purpose the elimination of Vladivostok as a "leak" in the Allied blockade of Germany, has caused "consternation" in Chungking where the Chinese authorities are said to fear that such control will have a detrimental effect on Sino-Soviet trade, with attendant reduction in Soviet assistance to China.

It was recalled in this connection that the Soviet steamer Selenga, 2,500 tons, had been escorted into Hongkong by a British warship on Jan. 13, having been intercepted while on her way to Vladivostok from Manila with 2,380 tons of cargo, including 1,000 tons of Chinese wolfram shipped through Hanoi to the Philippines, where the Selenga took it aboard. The vessel is still being detained in Hongkong. It is alleged in Hongkong that Soviet Russia is taking advantage of its barter agreement with China in order to get supplies with which to fulfill Soviet obligations to Germany in terms of the Soviet-German trade agreement.

"Impressions of China" Evening in New York

BY LIN JUSU

Editor's Note:—The following account of a symposium held in Town Hall, New York, has been written by the eldest daughter of Lin Yutang, well-known Chinese author, who has been staying in the United States with his family for some time. The symposium, entitled "Impressions of China," was sponsored by the Chinese Women's Relief Association in New York and took place on Jan. 31. The speakers were Vincent Sheean, Pearl Buck, Carl Crow, J. P. Marquand, Hendrik Van Loon and Dr. W. W. Yen. A sum of U.S.$2,000 was collected and sent to Mme. Chiang Kai-shek for the benefit of Chinese war orphans.

WITH the house almost filled to capacity and a little impunctuality the meeting began. Mrs. Lin Yutang, the chairman of the Association, gave a few words on the history and the policy of the Association. Then Vincent Sheean, as the chairman of the evening, gave the audience a short resumé of the Sino-Japanese war. He described the conditions in China in comparison with the present European war and emphasized America's part in it. "During this time," he said, "foreign shells did not cease to kill the Chinese people. We have been furnishing the material for the murder of millions of Chinese." America has ignored China too long and it is time for action. "Write your congressman and try to influence the government by any means. Why should we destroy the Chinese?"

Pearl Buck Speaks

Then he introduced Pearl Buck, the Nobel prize-winner of 1938. "I had never been so impressed by the greatness of the Chinese race until recently when I happened to see the 'Histomap,' a chart of world history. While the civilizations of the other races like the Romans or the Greeks or the Persians expand and burst like a balloon, China maintains a long, continuous line on the chart from the top to the bottom. At times it is narrower, and at times wider, but forever continuous. China is the miracle of human history," she said. "India has a continuous line too, but thin and wavy. The explanation for this continuity is neither physical or material strength but a thing of the spirit, the human strength. The three outstanding qualities which account for this long survival of the Chinese are individuality, sense of humor and sense of proportion. The statement that China breaks up into small parts when rule instead of judgment prevails, I find very true, for China is a nation of individuals. They do not reform easily. Sun Yat-sen described the disunity of the Chinese as 'a tray of sand', but sand is difficult to conquer, difficult to destroy. In order to conquer China, Japan has to cosquer every one of the 400 million Chinese." Then she told of the sense of humor in China, not just the sense of humor to understand jokes, but the comic spirit. She smilingly remarked, "It is useless to send missionaries to China, because the sense of humor is too strong there."

No Ferocious Hatred

As regards the sense of proportion, she said the Chinese do not require perfection; it is common sense. Their hatred of the Japanese is never as ferocious as the hatred the Americans had during the World War. They do not intend to wipe out the Japanese race; they hate their army for what it has done in China. "I know many faults of the Chinese but still think they are the greatest of all races. I detest the idea that China should learn to fight from the Westerners, whether the Chinese themselves agree or not....The world has to learn from China this secret of survival—this miracle of the human race."

The next speaker was Carl Crow who said the Japanese statements are the best funny stories. He told a story about an American lady who wrote a letter to a friend about the Japanese censorship and on the next day a Japanese officer called on her and said, "Your statement was wrong. We do not open letters." Then she talked about the scare about the Chinese communists which the Japanese have invented. "The Chinese communists are essentially different from the Russian communists. They believe in public ownership of the railroads which is already realized, in cooperatives, in lower tax for the farmers," he said. "They are only communists because they call themselves so." As a matter of fact, they are ideologically moderate social democrats. There were more civilians killed, he added, than soldiers and the number of orphans in China exceeds that of the rest of the world. Lastly, he said he was confident of Chinese victory.

Uncle Sam Also "Changed the Rules!"

The Birmingham Age-Herald (U.S.A.)

Chinese Sense of Humor

Mr. J. P. Marquand who said he knew very little about China and was only a traveller through China was the next speaker. "I should have excused myself from this program on account of diplomatic illness like the authorities in China." He then told of his trip to China, how he was warned beforehand against the queer, sinister Chinese and how, when he landed in China, he found that China after all isn't so bewildering. He illustrated the Chinese sense of humor

with a story from his own experience. One summer night, he stayed at a Chinese temple on Wutaishan. He had one of the usual guest rooms which has a courtyard in front of it. Due to the heat he moved his cot to the courtyard at night. "To my surprise when I woke up in the morning, I found myself surrounded with the chanting monks and the drumbeats, and the smoke of the incense all around. I discovered that I was sleeping is front of an altar with a religious service going on. I saw around me the monks saying their prayers with the abbot standing close to my cot. The abbot seeing that I was awake smiled and winked one eye at me. Such is the sense of humor in China," he said amidst the laughter of the audience. It could not have happened elsewhere, he asserted. Then he went on and told of the innate friendliness and the gentlemanliness of the common people in China, the poor peasants and pedlars. He made the point that the Chinese are quite like the Americans in many ways. "They do not have a Bill of Rights, but they have democracy," he concluded.

'Matter Out of Place'

Mr. Hendrik Van Loon stood up and began," Since it is quite late for me to catch the train to Connecticut and the hotels in New York do not exactly suit my taste, I intend to spend the night in the Church of St. John the Divine." Laughter. "Come to the church tomorrow morning. If Bishop Manning winks one eye at me, with you as the witness, I'll give 500 dollars to the Chinese relief—but I know China is not going to get it." "In the future," he continued, "I am going to write the best book on China, better than *The Good Earth* even though I have never been to China. Why, Dante wrote the best poem on Heaven and Hell and he'd never been there, either." Laughter. "They advise me not to go to China because there is too much dirt in China, and in the Webster Dictionary you will find dirt defined as 'matter out of place'. I consider the Japanese Army matter out of place in China, so I shall not go to China until the dirt is gone. I know I am not neutral, but what does it matter?" Laughter. Then he said the American people should wake up to the horrors of the world. Americans must be made conscious of the rest of the world. The Finnish war had made the Americans conscious of it and it was only the beginning. "For our conscience' sake," he said, "stop arming Japan."

Disappointed in America

Dr. W. W. Yen, who came to America this time to attend the conference of the Institute of Pacific Relations, was to tell of his impression of the various authors' impressions of China. He said he was exceedingly happy to find these speeches candid, clear and remarkable, like snapshots taken unawares. It would have been very difficult for him if they were solemn and pompous praises. But then he talked about the war in China which is a war for the maintenance of orderly international relationships.

One of his impressions of America, he said, is rather disappointing, unfortunately. "A nation like an individual, cannot live alone. The policy of isolation is neither possible nor agreeable, in this age especially. I want to thank the foreign artillery that bombarded the city gates of Peking. It bombarded the Chinese people out of their isolation and made China conscious of her position in the world." He felt also that America is seeking the culture of the East, both social and literary. He mentioned the old Chinese wit in the advertisement in the leading papers, and also the popularity of Confucius' sayings. "I also find an enormous and overwhelming sympathy for China which is very pleasing, but public opinion should be educated." Of democracy he said, "it is the best heredity of America and it is her duty to maintain and spread it." Then the meeting ended.

It was, I believe, the first time that such a distinguished group of writers spoke at a symposium on their impressions of China. Besides the proceeds from the sale of the tickets, it did a lot of good to China.

130,000 Mill Hands On Strike in Bombay

Demanding a 15 per cent wage increase, more than 130,000 textile mill operatives in Bombay struck work on Mar. 4, rendering 60 of 68 large cotton spinning mills idle, *Transocean* reported. The day previous, according to the same agency, placards appeared in all parts of the city appealing to the population to resist British rule in India. British police patrols were strengthened and the Bombay police reinforced by drafts from other cities, the agency said.

United Press reported from Bombay on Mar. 1 that the All-India National Congress, in session at Patna, had passed a resolution demanding complete independence for India and nothing less. At the same time, the Congress Executive decided to launch a civil disobedience movement against British rule and to hold no further negotiations with the Viceroy.

Gandhi Airs Views

Mahatma Gandhi, in an interview with *Reuter* on Mar. 3, stated that the Congress will not rest until India is as free as Britain. He denied that Congress had closed the door to compromise or negotiation, declaring that Lord Zetland, Secretary of State for India in the British Government, had closed it. "There can be no negotiation on his terms as far as Congress is concerned," Gandhi declared. (Lord Zetland stated in an interview with the London *Sunday Times* on Feb. 11 that an agreement between the various Indian parties must be the preliminary condition of any Anglo-Indian understanding and that unless the Hindus and Moslems got together British rule in India could not be terminated).

Gandhi went on to say that India's fight against Britain would be "strictly non-violent" and under severe discipline, thus reaffirming his long stand on passive resistance to British domination.

Supporting the British overlords of India who gave him a knighthood, Sir Abdoola Haroon, chairman of the Foreign Committee of the All-India Muslim League, issued a statement in New York on Mar. 4 (*Reuter*) in which he declared that the All-India National Congress, a Hindu organization, wanted to establish the domination of the Hindus over the Moslems in India "as is proved by the experience of two years of tyrannical Congress rule in the provinces." Muslims, said this dark-skinned spokesman of British interests, are not opposed to Indian independence and have always worked for it, but the main obstacle had been the failure of Congress to win the confidence of the Muslims. Britain, he added, was faced with two alternatives: either to insist (as she is now doing) that Congress come to terms with the Muslims and other minorities whose combined strength exceeds that of the Hindus represented by Congress, or concede the Congress demand for unconditional independence "and thus throw the whole Indian peninsula into civil war."

Japanese Fire Shell at British Ship off Chefoo

The s.s. Hunan, Butterfield and Swire coastal steamer, was holed in the bow on Feb. 27 when a Japanese warship fired a shell to halt the vessel off Chefoo. Intended, apparently, to cross the bow of the vessel, poor Japanese marksmanship caused the shell to strike the hull and do some damage. According to belated local reports, the Japanese authorities made immediate apologies and promised compensation. Local officials of the British Embassy refused to comment on the incident and intimated that it was entirely closed.

According to a *Domei* report from Nanking on Feb. 29, the Japanese have filed a strong protest with the British authorities regarding alleged illegal trading operations on the Yangtsze by the British-owned steamer Hanwo of Jardine, Matheson and Co. The vessel is said to have transported cereals and other commodities from points on the lower Yangtsze, within Japanese-occupied areas, without official Japanese permission.

Chinese Drowned When British Vessel Sinks

Eight Chinese firemen, members of the crew of the British steamer Pyrrhus of the Blue Funnel Line, lost their lives late last week when the vessel was sunk off the west coast of England due to "enemy action". The Pyrrhus, a 7,418-ton ship, had left Glasgow outward-bound for the Far East when she either struck a mine or was torpedoed in broad daylight. All members of the crew with the exception of the Chinese were reported rescued.

Death Penalty Threatened For Gamblers in Hunan

Officials of the provincial government in Hunan found guilty of gambling will be given the death penalty, according to a report from Changsha last week which stated that a strong campaign is under way in the Hunan capital to check gambling. Changsha has been partly rebuilt since the disastrous "scorched earth" fire of November, 1938.

New Puppet Regime Not Likely to Appear this Month; Probable Personnel a Subject of Speculation

WILL the puppet Wang Ching-wei government finally emerge on on March 10? It seems very unlikely that it will, in view of the repeated postponement of its scheduled appearance in the past. However, with active preparation for the organization of the regime now under way in Nanking, it is not altogether improbable that it may see light in the near future, if not on March 10, the date most recently designated.

Speaking generally, it matters little whether the Wang regime comes into existence now or at a future date. Condemned by his own countrymen and discredited before the Japanese, Wang, it seems, is in no position to do much more harm than he has already done. His puppet show, if and when staged, will probably be only amusing in effect. Few, including the Japanese, are likely to take it very seriously. So far as Chungking is concerned, it seems that the recent revelation of his secret agreement with the Japanese can only result in a further strengthening of its determination to continue resistance against the Japanese.

Obstructions Still Remain

Meanwhile, in spite of the feverish preparations in Nanking, Wang's path to puppet glory has by no means been entirely cleared. Opposition from his puppet seniors and Japanese army leaders in North China continues unabated. This was evidenced in the reported resignation of Wang Keh-min and the hurried trip to Tokyo of Gen. S. Kita, head of the Japanese Special Service in North China, who is to confer with high Japanese government officials on relations between Peiping and the projected Wang regime. The role to be played by North China in the new political system would be given special study during Gen. Kita's visit, the Tokyo *Asahi Shimbun* reported.

There has been some speculation in both Chinese and foreign papers in Shanghai regarding the probable personnel of the planed Wang government. According to a report emanating from Japanese sources and printed in the Chinese edition of the *Shanghai Evening Post* on Feb. 29, the new Wang set-up will be composed of five yuans and 14 ministries, the personnel of which is stated to have been tentatively fixed as follows:

Galaxy of Puppets

President of the Executive Yuan, Wang Ching-wei; President of the Legislative Yuan, Liang Hung-chih; President of the Judicial Yuan, Chen Kung-po; President of the Examination Yuan, Wang Yi-tang; President of the Control Yuan, Wen Tsung-yao; Director of Military Council, Liu Yu-feng; Minister of Interior, Chen Chun; Minister of War, Jen Yuan-tao; Minister of Finance, Chow Fu-hai; Minister of Justice, Lo Ting-kwei; Minister of Education, Chao Hung-sen; Minister of Commerce & Industry, Chao Shu-yung; Minister of Communications, Chu Ching-lai; Minister of Publicity, Lin Pai-sen; Minister of Railways, Mei Sze-ping; Minister of Overseas Affairs, Chen Chung-pu; Minister of Health, Tseng Ching (Miss), Brother of late Tseng Tsung-ming; Minister of Agriculture and Mining, Wang Man-yun; Minister of Foreign Affairs, Wang Ching-wei (concurrently).

Speaking in his capacity as head puppet-elect of the proposed regime, Wang Ching-wei in an interview with the *Shanghai Mainichi* asserted that "rights and interests of third Powers would be protected by the projected new Central Government of China so long as they were not detrimental to the sovereignty of China." He explained that the efforts of his organization were directed not only towards the establishment of peace between Japan and China, but also towards the establishment of peace between China and third Powers, "based on friendly relations between Japan and China."

Wang outlined two main duties of his "peace movement." The first, he

Planning a "New Government" for China

Press Union photos

Wang Ching-wei, who is scheduled to head the new puppet central government in Japanese-occupied areas in China, confers with the commanders of the Japanese military forces regarding details. Top shows Mr. Wang while making a formal call on Gen. Toshizo Nishio, commander-in-chief of Japanese forces in China. The picture was taken on Wednesday, Feb. 14. At the bottom is another picture of the Chinese head of the "orthodox" Kuomintang, holding a conference with another Japanese military commander, Lieut.-Gen. Susumu Fujita, commander of Japanese forces in the Shanghai area. The accompanying description issued by the Japanese Press Union said that Mr. Wang invited Gen. Fujita and other Japanese officers to his residence on Yu Yuen Road for a discussion of the current political situation in China.

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said, peace with foreign countries. The new government, upon its establishment, will immediately readjust Sino-Japanese relations on the fundamental principles of peace. The second duty, Wang said, is internal unification, achievement of which he believed possible through "peace, anti-Communism and national reconstruction."

Hobnobs With Military

While Chu Min-yi, brother-in-law of Wang Ching-wei and secretary-general of the "Orthodox" Komintang, has been busy in Nanking making final arrangements for the impending puppet show, Wang continued his hobnobbing with Japanese army officials in Shanghai. Last week Wang called on Lt.-Gen. Susumu Fujita, commander of the Japanese Forces in the Shanghai Area and conferred with him, presumably on matters linked to the establishment of the new regime in Nanking. Meanwhile, Lin Pai-sheng, publicity minister of the "Orthodox" Kuomintang, was also doing his bit to cultivate Japanese friendship. He gave a big party at the Japanese Rokusan Gardens last week-end in honor of some 60 Japanese and Chinese newspapermen—the Chinese newspapermen naturally only those with Japanese and "Orthodox" Kuomintang connections.

Messages condemning Wang Ching-wei and his "peace movement" continued to arrive in Chungking from various quarters. Among the latest received was one from Gen. Hsu Hsiang-chien, well-known Communist leader and commander of an army now operating in southern Shantung. Gen. Hsu pledged his aid to "crush the Wang Ching-wei movement under the leadership of Gen. Chiang Kai-shek, thereby achieving unity of the nation in the cause of progress, national independence and racial liberation."

Nippon Officials Due

With Kenji Kodama, president of the Central China Development Company, now in Shanghai, more high Japanese officials are expected to come to China in the near future, according to Japanese reports. Gen. N. Abe, late Japanese premier, is said due in the middle of this month. Aside from studying current conditions in Shanghai, Gen. Abe is to "promote friendship and culture between Japan and China," he being chairman of the Toa Dobun Kai, which literally means Sino-Japanese Friendship and Culture Society. Last but not the least in the list of visiting Japanese dignitaries is Koki Hirota, another former Japanese premier and foreign minister, who is likely to be chosen the first Japanese envoy to the Wang Ching-wei government. In this connection, the *Hochi Shimbun* said: "The new envoy to China will not be a mere envoy to offer congratulations to the Wang regime but he is expected to be given wide powers concerning the readjustment of fundamental relations between the new regime and Japan."

Another proof of Japan's sinister designs on China was furnished by the revelation of the alleged eight agreements concluded between the Japanese and the puppet Nanking regime with the approval of Wang Ching-wei. The revelation was made in Chungking by Tao Hsi-sheng and Kao Tsung-wu, the same ex-Wang followers who recently made public in Hongkong the text of the Wang-Japanese secret agreement. According to the revealers, the eight documents, dated between August, 1937 and April, 1938, were shown by the Japanese Special Service Section to Wang and "recognized" by him before he signed his agreement with the Japanese in Shanghai on Dec. 30, 1939.

Plan Anti-Foreign Campaign

In addition to granting the Japanese exclusive rights to develop natural resources in Central China, the agreements between the Nanking regime and Japan are stated to have also provided for an "intensive anti-foreign campaign." They are further alleged to prove that Japan has obtained the rights to sole exploitation of the Yangtsze Valley through monopolistic companies fashioned after the South Manchurian Railway. Nanking is said to have promised to revise all Chinese laws so that there will be no legal obstructions to Japan's exploitation of Central China on an exclusive basis. Further, Nanking and Japan are alleged to have agreed to prevent either foreign companies or native Chinese companies from entering enterprises similar to those already launched by either Japan or the Nanking regime.

Monopolistic Schemes

The alleged pacts include:

1. "General principles in connection with the exploitation important strategic mines in Central China," signed on November 30, 1938.
2. "General principles for the establishment of a Central China Iron Mining Company, Ltd.," signed on August 9, 1938.
3. "Agreement pertaining to the Central China Railway Company Limited," signed on April 30, 1939.
4. "General principles for the establishment of China Airways Limited," signed on December 10, 1938.
5. "General principles for the establishment of a Central China Telegraph and Telephone Company, Ltd.," Signed on August 1938.
6. "General principles for the establishment of a Central China Water Power Company Ltd.," signed on August 9, 1938.
7. "General principles for the establishment of a Shanghai Real Estate Company Limited," signed on September 7, 1938.
8. "Document pertaining to the direction and supervision of Sino-Japanese joint corporations with investments of the Central

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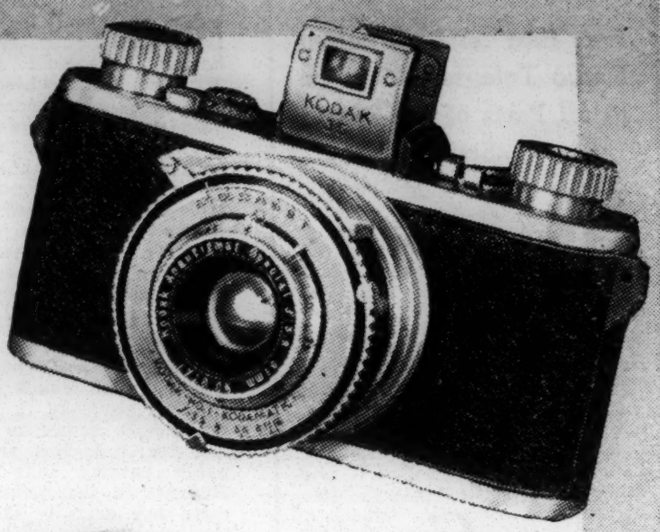

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China Development Board," signed in 1938.

The Signatories

The documents bear the signatures of Liang Hung-chih, President of the Executive Yuan of the "Reformed Government," Wang Tze-hui, Minister of Industries; Shen Leng-yi, Vice-Minister of Industries; Liang Hung-cheh, Minister of Communications; Chen Chung, Minister of the Interior; and Jen Yuan-tao, Minister of Public Safety.

The Japanese representative mentioned were Kumaichi Harada, head of the Special Service Section of the Japanese army; Naokuni Nomura, head of the Special Service Section of the Japanese navy; Shinsaburo Hitada, Consul-General; and Soishi Tsuda, liaison officer of the China Development Company.

"Unholy Ambitions"

Commenting on the secret agreements between Liang Hung-chih and the Japanese, the *Chung Mei Jih Pao* (Chinese-American Daily News) said that these documents furnished another proof of Japan's "unholy ambitions" on the Asiatic Contient. The aim of the secret agreements is to suppress and exclude third-Power interests from the occupied areas in Central China, the *Sheng Chow Jih Pao*, another Chinese daily in Shanghai, commented. The *China News Agency*, organ of Wang Ching-wei, characterised the alleged Nanking-Japanese secret pacts as "Chungking propaganda," which, the agency said, "President Wang Ching-wei and his associates would not deign to refute." Chungking was further blamed for "trying to create a false impression on public opinion by throwing everything on the shoulders of Wang Ching-wei."

Close upon the heels of the disclosure of the Nanking-Japanese deal was a dispatch from Osaka which tends to substantiate Japan's monopolistic intent in regard to resources and enterprises in Central China. The dispatch, carried by *Reuter*, stated that the Japanese military authorities in Central China had taken steps to restrict or absolutely prohibit the shipment of certain materials produced in the occupied areas of China to Shanghai or elsewhere outside the occupied zone, on the ground that they are important for military purposes. This policy is said to aim at securing an adequate supply of Chinese stanle materials required by Japan. The materials listed include iron materials of all kinds, copper, brass and tin ware, coal, hemp (ramie), raw cotton, hides and leather, vegetable oils, bristles and tea. In addition to establishing special firms to buy and export to Japan these products, the dispatch said, special treatment in the handling of such articles has been accorded to a number of important Japanese concerns.

Export Monopoly Plan

Foreshadowing the establishment of Japanese export monopoly in Central China, according to the Osaka dispatch, a plan is on foot to merge the various Japanese concerns in Central China into a strong special corporation, with a large capital supplied by the Japanese Government and powerful Japanese interests. In connection with this plan to monopolize Central China exports, a Sino-Japanese Hemp (Remie) Corporation is being planned and a financing syndicate formed to make a loan of Yen 25,000,000 to the parent concern, the Central China Development Company. The Osaka dispatch revealed that it was mainly due to the fear of foreign competition challenging Japanese monopolistic control of the Central China export trade that the Japanese are very reluctant to open the Yangtsze to third-Power shipping, despite the announcement of their intention to do so some time ago.

Centralization of Control

Revealing further details of the Japanese plan to establish a trade monopoly in Central China, a *Havas* message from Tokyo reported that a huge Japanese semi-government trading corporation is to be launched about the time of the reopening of the Yangtsze. The new company, probably to be known as the Central China Promotion Corporation, will attempt to obtain control over the various Japanese firms already operating in that region. The information concerning Japanese plans for establishing their trade predominance in Central China is believed to be authoritative, as it is based on reports which have reached the Osaka Municipal Industrial Department.

The so-called Saito affair, which at one time threatened to precipitate a cabinet crisis in Japan, appears to

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have spent its force. The affair probably will end in the resignation from the Lower House of Takao Saito, 70-year-old leader of the Minseito Party, whose attack on Feb. 2 on the Government's China policy based on the Konoye peace statement of Dec. 22, 1938 aroused the ire of both government and Army circles. The case of his proposed expulsion is still being examined by the Lower House Disciplinary Committee. In case Mr. Satio insisted on his refusal to resign, as he announced early this week, expulsion will probably follow.

Japan Holds Hostages

Significant but apparently little-noticed was a *Domei* dispatch from Tokyo dated March 2, stating that Chinese students in Japan are ten times more numerous than they were last year. A close study of the dispatch reveals that they are not students in the normal sense of the word but actually hostages held by the Japanese for the good behavior of the pro-Japanese officials in China. Among the students, the dispatch disclosed, are the sons of Wang Ching-wei's "peace" workers, such as Chou Fu-hai, Mei Sze-ping and Lo Chun-chiang and Miao Pin, director of the Peiping Hsin Min Hui. Apparently, the Japanese are afraid of another Kao-Tao affair (Kao Tsung-wu and Tao Hsi-sheng who revealed Japanese secret agreement with Wang Ching-wei), and are taking care to prevent a repetion by holding the sons of all leading pro-Japanese officials as hostages.

Further encroaching upon the integrity of China's postal service is the reported decision of the Japanese-sponsored Peiping regime that postal officials in North China will henceforth be appointed by the "Provisional Government" in Peiping instead of by the Directorate-General of Posts in Kunming. A new post of assistant to the Director of Posts in various North China towns is to be created and will be filled by Japanese subjects.

The arrival in Chungking on Feb. 28 of the American Ambassador, Nelson T. Johnson, and the presence there of the British, French and Soviet envoys have provided food for speculation by Wang Ching-wei's press service, the *China News Agency*. The agency alleged that Gen. Chiang Kai-shek would call a conference of the ambassadors of the four countries, at which he would place before them the various difficulties confronting Chungking and ask their assistance in solving them. Gen. Chiang, when interviewed by Mr. Johnson on March 2, was said to have urged the acceleration of the date for granting the new American loan to China and more concrete American assistance. Gen. Chiang was also alleged to have consulted the American envoy as to whether Chungking should abandon its pro-Soviet policy.

Alleged Soviet Demands

That Soviet Russia has made new demands on China was another story circulated by the *China News Agency*, which alleged that the demands had been brought back to Chungking by Gen. Yang Chieh, China's ambaasador to Moscow, who recently returned. Four demands were listed by the Agency and were mainly concerned with the readjustment of Kuomintang-Communist relations. Quoting official sources in Chungking, the Wang organ said that Gen. Yang would not return to his post in Moscow and would probably be succeeded by either Gen. Chang Chun or Gen. Ho Yao-tsu. Gen. Ho, it may be noted, has been in Moscow for some time as Chungking's special envoy. According to the *China News Agency*, Gen. Ho has been engaged in negotiations with the German Ambassador to Russia for an allegedly secret agreement, the substance of which would be that Chungking would suply Germany with raw materials in exchange for funished German products if Germany assured Chungking that it would not recognize the new Wang Ching-wei government. Gen. Ho was alleged to be leaving for Berlin shortly.

Soviet Sympathy Unchanged

Soviet sympathy for China had not been changed during the past six months, despite Moscow's friendly gestures towards Tokyo, said a *Domei* dispatch quoting the Moscow correspondent of the *New York Times*. Soviet friendship for China was shown in various ways, including the featuring in the press of news broadcasts from Chungking and press attacks on Wang Ching-wei.

That the United States would not recognize the proposed Wang Ching-wei regime in China and that Italy, as a Nine-Power Treaty signatory, also should not recognize it, was reported to have been one of the points emphasized by Sumner Welles, the United States Assistant Secretary of State, in his conversations with Premier Mussolini. Mr. Welles recently visited Italy as a personal envoy of President Roosevelt.

Recognition of Manchukuo

French recognition of Manchukuo was intimated by Premier Edouard Daladier in an interview on Feb. 29 with the Paris correspondent of the *Osaka Mainichi*. Premier Daladier was quoted as having told the Japanese newspaperman that Japan and France were preparing to open negotiations with the object of France giving recognition to Manchukuo. Emphasizing that France is not supporting China and agreeing that the French-owned Yunnan Railway would not be used to transport war supplies to China, Premier Daladier was alleged to have expressed the belief that France would be less preoccupied with the situation in China than with Europe following the establishment of the proposed Wang Ching-wei government. The Japanese correspondent asserted that Premier Daladier's attitude toward Japan was conciliatory, although he believed that a Russo-Japanese accord would be against Japan's best interests.

In face of France's intention to recognize Manchukuo, it is interesting to note that the Franco-Japanese trade treaty is likely to lapse. Japanese reports from Paris indicated that despite continued negotiations between the Japanese Ambassador in Paris and the French Foreign Office, the French authorities had shown no intention of renewing the trade agreement between the two countries. The reluctance of the French Government to renew the pact was said to be due to indignant public feeling in France against the Japanese air-bombing of the Yunnan Railway.

Japanese Make New Landing in Chungshan

UNDER cover of heavy fog, Japanese troops effected a landing at Tongka and Heungchau in the Chungshan district of Kwangtung Province on Mar. 5, according to a *Reuter* report from the Portuguese colony of Macao which said that Chinese troops were stoutly resisting the Japanese advance inland. The latter, however, succeeded in advancing inland in two columns for a distance of about four miles, and were thus within striking distance of the Macao-Shekki highway.

The report said that several villages were blazing fiercely as a result of the incendiarism of the invaders and that thousands of fleeing Chinese refugees were pouring into Macao.

Fighting on all the other China fronts appears to be more or less stalemated, although both Chinese and Japanese sources continue to report minor gains in Kwangsi and on other fronts.

Gen. Nishio on Tour

Gen. Toshizo Nishio, commander-in-chief of the Japanese Expeditionary Forces to China, made a tour of inspection of South China last week, according to a *Domei* report from Canton. A report in the Chinese *National Herald* on Mar. 4 quoted a Hongkong report to the effect that the Japanese were rushing reinforcements to South China from Formosa in preparation for desperate battles in Kwangsi Province.

The same paper reported the following day that more than 200 Japanese soldiers who had been in action in South China had been arrested for anti-war activities and were being sent to Korea as punishment. They were said to have passed through Hongkong on the s.s. Canton Maru, strict precuations being taken to see that no one contacted them while the ship paused in the British colony.

A *Domei* report from Tatung on Mar. 3 said that there had been mass surrenders to the Japanese by Chinese troops and irregulars in Suiyuan. Some 4,000 had submitted up to Feb. 23, the report claimed, and a further 2,500 since then. Some of these soldiers, it was added, had volunteered to serve the puppet Central Government of Wang Ching-wei when it is formed.

500,000 Puppet Troops

A *Reuter* report from Chungking on Mar. 4 stated that there are at present about 500,000 Chinese "puppet" troops operating under Japanese command in China, despite the fact that 150,000 had turned over to the loyal Chinese armies during the past year. Listing the puppet forces, the report said that in South China they are known as the "Peace and National Salvation Army," with Wang Ching-wei as the nominal commander. In Central China, it is the "Pacification Army," commanded by Jen Yuan-tao, while in North China there is the "Anti-Communist Army" under Gen. Chih Sieh-yuan.

Speaking in the Lower House of the Japanese Diet on Mar. 2, Mr. Yukio Sakurauchi, Finance Minister, said the total cost of the China war may reach Yen 20,000,000,000 or even Yen 30,000,000,000 before the conflict ends. This cost, he said, would have to be borne entirely by the Japanese nation as no indemnity or territorial cession was expected from China. With increased economic strength derived from cooperation between Japan, China and Manchukuo, however, the nation should be "more than able" to bear the burden, the Minister declared.

S.M.C. Names Committee To Study Price Control

Following in the footsteps of the French Concession authorities, the Council of the International Settlement (S.M.C.) has announced the appointment of a sub-cocmmittee to study and report to the Council on the practicability of a price control plan to be put into effect in cooperation with other local municipal authorities. The sub-committee consists of Messrs J. Fistere, Frithjof Hoehnke and W. Mellor.

Announcement that the S.M.C. has given consideration to the possibility of instituting a price-control scheme was generally welcomed here. Such a scheme is considered to have fair chances of success if carried out in conjunction with the authorities of the French Concecssion.

Local prices have soared over 300 per cent since the start of the hostilities in 1937 and the Chinese community, in particular, is suffering acute hardship. Rice is more than four times higher than in 1937. In other parts of China, the situation is equally acute. Flour, the staple food in North China, is scarce and high-priced, while in Kunming, according to a *Domei* report from Hongkong on March 1, the price of rice has soared to $120 per koku.

Ministers of State Quit Posts in Ceylon

All six native members of the State Council in Colombo resigned on Feb. 27, according to a *Reuter* report. The native legislators quit as a result of the failure of the British Inspector-General of Police to observe a Council decision to postpone criminal proceedings against laborers on an up-country estate charged with rioting in connection with recent plantation trouble. The Governor of Ceylon, Sir Andrew Caldecott, is said to have supported the Inspector-General in defiance of the decision of the State Council.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

February 5

Chinese forces in South Kwangsi counter-attacked the Japanese in an effort to turn back their drive from Nanning. The Japanese column which reached Pingyang reported to have been thrown back to a point near Lungyu, south of Pingyang.

Kunlungkwan, strategic pass northeast of Nanning, claimed recaptured by Japanese on Feb. 3.

Heavy fighting continuing in West Suiyuan. The Japanese said advancing southward towards Wuyuan in Suiyuan and the towns of Hochu, Paoteh and Fuku in northwest Shansi. Large Chinese forces concentrated in Japanese rear were attacking Japanese positions east of Paotow.

Y. Suma, Japanese Foreign Office spokesman, warned the American Congress against enacting embargoes against Japan. The Japanese people would regard American embargoes as a "serious affront," Suma said.

The National Christian Council announced in a statement issued at Chungking that about 675,000 wounded were given medical aid in 1939 at the 147 service stations maintained by the Council in various war-affected provinces.

Eighty persons killed, 80 others seriously wounded and 40 slighly injured as a result of the Japanese airbombing of the Yunnan Railway on Feb. 1. The foreign dead so far known included M. and Mme. Alfred and their son, and Mme. Daviet and her daughter, all of them French.

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February 6

Japanese forces at Pingyang, South Kwangsi, said isolated; their attempt to break through the Chinese cordon frustrated.

Four Japanese transports shelled and damaged by Chinese shore batteries on Feb. 4 near Tungliu in Anhwei, according to Chinese report.

Yukio Sakurauchi, Japanese Finance Minister, announced (yesterday) that a new currency system and a new central bank were planned for the proposed Wang Ching-wei regime.

Some 80 Chinese students, including some girls, of the Suiying School in Taian, Shantung (operated by the American Methodist Episcopal Mission), feared lost, because nothing has been heard of them since their arrest by Japanese military authorities shortly after the New Year. The pupils were accused of being Communists.

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February 7

Vangards of Japanese forces in South Kwangsi reported to have reached Shanling, a town northwest of Pingyang.

Col. Yang Jui-fu, commander of the famed "Lone Battalion" during the Shanghai War of 1937, died in Chungking on Feb. 3.

Japanese Foreign Office spokesman announced that the French Ambassador, Charles Arsene-Henry, yesterday filed a formal note protesting against the Japanese bombing of the Yunnan Railway on Feb. 1.

Indicative of serious food shortage in Japan, a **United Press** report from Tokyo stated that introduction of a ticket rationing system for daily necessities was being considered by the Japanese Government.

February 9

Admiral M. Yonai, Japanese Premier, declared in the Diet on Feb. 7 that Japan would be willing to accept Chungking leaders, "even Gen. Chiang Kai-shek," as individuals into the proposed Wang Ching-wei regime. Statement described by official circles in Chungking as "dream nonsense." Admiral Yonai also warned that the United States would have to understand Japan's aims or be prepared to meet a firm Japanese attitude.

Japanese casualties since the outbreak of the Sino-Japanese war total 1,450,000, including 362,500 dead, Chinese military circles in Chungking estimated.

Present Japanese Suiyuan and Kwangsi campaigns believed aimed at cutting China's international communications—in the north the highway to Lanchow (Kansu) and in the south the highways to French Indo-China, according to observers in Chungking.

Wu Chi-ting, formerly director of the Consolidated Tax Bureau, kidnapped from his home in the Shanghai French Concession by a mixed party of armed Japanese and Chinese. He arrived at Shanghai from Hongkong only four days ago.

Japanese aircraft staged over 700 raids during the period from August 1 to the end of November, causing over 12,000 casualties, according to an announcement by the Aeronautical Affairs Commission.

Support for Gen. Chiang Kai-shek and suppression of Wang Ching-wei and other traitors urged by Gen. Sheng Shih-tsai, Border Defense Commissioner for Sinkiang, in a telegram issued on Feb. 7.

*
**

February 10

Yen 16,455,000,000 has been spent by Japan on the China war since 1937, Japanese Finance Minister Sakuranchi revealed in the Diet.

Premier Admiral Mitsumasa Yonai sounded the second warning in three days that Japan would not tolerate any oppression by the United States and was prepared to take action to prevent such a measure.

The Pope appealed to the Japanese Emperor to cease hostilities in China in a special message on the occasion of the 2,600th anniversary of the founding of Japanese Empire.

*
**

February 11

The Japanese drive in South Kwangsi was broken when the Chinese Army launched a vigorous counter-attack near Shanling on Feb. 9, according to field dispatches received at Chungking. Chinese forces claimed to have retaken Shanling; the Japanese alleged to have suffered more than 2,000 casualties.

Two Japanese warplanes shot down on Feb. 3, above Luaiping, in southwest Kwangsi, according to a delayed Chinese report.

One thousand Japanese troops were killed in a three-day battle on the eastern slope of Tahungshan mountain in northern Hupeh, Chinese reports said. Three hundred Japanese horses also reported killed in the battle.

Opposition to the proposed Wang Ching-wei regime voiced in the Japanese Diet by Masazumi Ando of the Seiyukai Party, because, he said, he suspected that the regime might eventually adopt pro-Communist and anti-Japanese poli-

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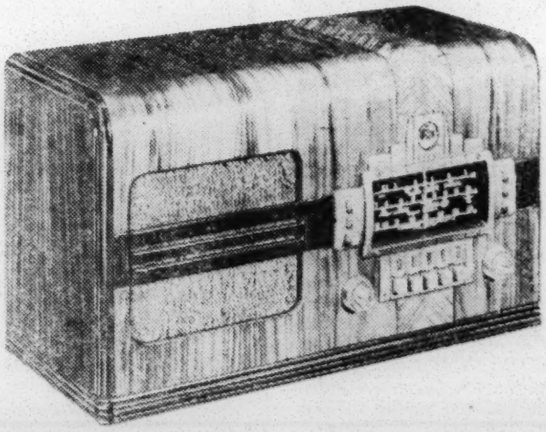

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Who's Who in China

Mao Ching-hsiang, Government official; born at Fenghua, Chekiang, 1900; received his advanced education in France, where he was graduated from a university in Paris; Secretary

毛慶祥字宗驤
Mao Tcheng-siang
(Mao Ching-hsiang)

in the Headquarters of the Generalissimo of the Nationalist Revolutionary Army; Secretary in the Office of the Chairman of the Military Affairs Commission and concurrently Chief of the Fourth Section of the Office; Senior Secretary, National Government; now, Chief with the rank of the Major-General, Code Office, Headquarters of the Military Affairs Commission; Chairman of the Board of Directors of the Sino-French-Belgian-Swiss Cultural Relations Association and of the French-Belgian-Swiss Returned Students' Association; address: Military Affairs Commission, Chungking.

cies. Also also opposed the adoption by Wang of the Three People's Principles for the government. Similar fears expressed by Gen. Heisuke Yanagawa, director of the Asia Development Board. Premier Yonai promised to disclose at an early date the contents of the Wang-Japanese agreement.

On Feb. 9, Japanese troops made two attempts to land at Chinghai on the southern shore of the Hangchow Bay in order to launch an attack on Ningpo. After two severe battles with Chinese shore defence units, the Japanese were driven back to their ships.

***

February 12

Chinese troops recaptured Wuming on Feb. 10 and Pingyang today and Japanese forces were retreating toward Nanning, according to field dispatches received at Chungking. Sixteen thousand Japanese troops were killed or wounded in the Nanning area between February 9 and 12, the dispatches claimed.

Japanese Army spokesman in Shanghai admitted the withdrawal of Japanese troops from Pingyang and Wuming and surrounding vicinities. He explained that occupation of the two towns had "no strategical value" and that it was unnecessary to station any Japanese forces there.

The Japanese War Minister, Gen. S. Hata announced in the Diet that to meet acute labor demands the Army was considering bringing Chinese war prisoners to Japan.

Five Chinese teachers of the Mingteh School in Nanking, (operated by the American Presbyterian Mission), were arrested by Japanese military authorities on charges of subversive activities.

Wang Kai-chiang, formerly attached to the Ministry of Justice in Chungking, who joined Wang Ching-wei's "peace" movement last year, reportedly committed suicide yesterday by jumping into the sea while on way from Shanghai to Hongkong. He allegedly said that he was taking his own life "to vindicate myself" for joining Wang Ching-wei's central executive committee.

U. S. Ambassador Nelson T. Johnson arrived at Hongkong from Shanghai en route to Chungking; said the Wang Ching-wei regime, if established, would get no recognition from the United States. Mr. Johnson was accompanied on his trip by Judge Milton Helmick of the U. S. Court for China.

Naha Fire Causes Yen 2,000,000 Damage

The entire western district of Naha on the Loochoo Islands was threatened by fire on Feb. 29 as a blaze that started in a warehouse continued unabated, according to telephone messages received in Tokyo. An explosion early last Wednesday morning set fire to a warehouse, owned by a commercial firm, in which was stored a large quantity of canned petroleum and fears were expressed that the blaze might spread to two nearby petroleum tanks each containing 300 tons of oil, in which case the entire western district of the city would probably have been reduced to ashes.

Desperate efforts were being made by fire brigades and local people to bring the fire under control. The loss thus far was estimated at Yen 2,000,000. Two persons were seriously injured. Naha has a population of more than 70,000. The Loochoo Islands are northeast of Formosa.

Reconstruction Lottery To be Launched Here

Designed to provide funds for the construction of "model villages" for Chinese in the low-income brackets, as well as the maintenance of refugee camps in the Civic Center area, a lottery will be started by the Shanghai Real Estate Company, a Sino-Japanese firm, in about a month, the *Tairiku Shimpo* reported last week.

The scheme, designed to hasten the reconstruction of the war-torn areas of Shanghai, was recently approved by the Central China Liaison Office of the Asia Development Board. It is now being examined by the Ministry of Interior of the Reformed Government, as the real estate company operates under the laws of the Nanking regime, the Japanese paper stated.

Japanese Population In Shanghai 66,848

The Japanese population in Shanghai on Feb. 29, totaled 66,848, according to figures released by the Japanese Consular Police, the Shanghai *Mainichi* reported. This represented an increase of 1,620 persons during January, the paper said, adding that at this rate of monthly increase, the Japanese population would reach 70,000 in two or three months.

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Men and Events

The Soviet Government announced on March 1 that Vladimir Potemkin, Deputy Commissar for Foreign Affairs, had been appointed Commissar for Education.

*

Hallet Abend, correspondent for the *New York Times*, departed from Shanghai this week on an extended trip to French Indo-China.

*

The Hunan Provincial Government at Changsha has adopted regulations providing that any official found guilty of gambling will be shot.

*

Shoji Arakawa, Japanese Financial Commissioner in London, has been appointed Vice-President of Tokyo Cabinet Board on Manchurian Affairs.

*

Archbishop Paul Marella, Papal Legate in Japan, was received by the Emperor on March 5. The Papal delegate presented to the Emperor a map of the world as a gift from the Pope.

*

Captain Prince Tsuneyoshi Takeda of the Japanese Royal Family, who accompanied Colonel Prince Yasuhito Chichibu on a recent tour of Japanese Army lines in China, returned to Tokyo on March 2.

*

Alexander Kerensky, former Russian prime minister, who has been lecturing in the United States, arrived in Lisbon on March 4 and announced his intention of proceeding to Paris on an undisclosed mission.

*

The French Concession authorities at Hankow, according to a *Domei* report, have recently recruited 50 White Russians and 25 British Indians in Shanghai to reinforce their police department due to departure of Frenchmen for the European front.

*

A. T. Steele, correspondent for the *Chicago Daily News*, who has been in Tokyo for several weeks, arrived in Shanghai this week and plans to remain here for two or three months. He is accompanied by Mrs. Steele and they are living at the Metropole Hotel.

*

According to *The Nation*, N. Y., a Japanese diplomat was asked recently whether he thought his nation would ultimately enter the war on Germany's side. "I doubt it," he replied slowly. "The custom of harakiri seems to be definitely dying out in my country."

*

A group of German students will shortly proceed from Berlin to Japan where they will reside for some time as the guests of the Japanese Government. The purpose of the trip, according to *Transocean*, is to establish closer relations with Japanese students. The german students were received by Herr Von Ribbentrop and also by the Japanese Ambassador in Berlin on March 3.

The Szechwan provincial government has inaugurated a drive for the complete suppression of opium production ond dealings by the end of March, according to *Reuter* report from Chungking. The report stated that 37 opium planters and dealers had been executed in January.

*

Sven Hedin, well-known Swedish explorer, who has been lecturing in the United States for several months, was received by the German Fuehrer on March 2. Prior to going to the United States, Mr. Hedin headed an expedition into Mongolia and Sinkiang.

*

The British Colony of Hongkong conducted its most ambitious "blackout" test on March 5 which was intended to include the whole of the Leased Territory and all islands in the Colony's waters. R. A. F. planes staged mimic air raids and all traffic on land and water was restricted.

*

A *Kuomin* report from Chungking stated that a portion of the new U.S. $20,000,000 loan would be used for the purchase of American transport planes to be employed in transporting munitions in West and Southwest China. The report claimed that this recommendation had been made by Maurice Sheahan, American highway expert, who recently made a survey of transportation conditions in territory under Nationalist control. Mr. Sheahan recently departed for the United States, leaving Carol Van Patter in charge of his work.

Yoshijiro Yamada, Secretary of the Ministry of Foreign Affairs in Tokyo, has been appointed First Secretary to the Japanese Embassy in Washington. Shigeru Yoscano, Third Secretary of the Foreign Ministry, has been transferred to the second section of the Bureau of European and Asiatic Affairs of the Ministry.

*

The China Finance Corporation, an American company, earned a gross profit of $208,893.81 and a net profit of $111,333 for last year, according to the annual report made public on Monday of this week. Since the Company has a deficit amounting to $3,345,123.43, it was voted to apply the profit toward the reduction of the deficit.

*

The Japanese branch of the Police Department of the International Settlement gave a farewell dinner at the Nippon Club on Feb. 28 in honor of W. E. Fairburn, former Assistant Police Commissioner, who resigned recently. The Japanese branch presented Mr. Fairburn with a letter of appreciation for his work in promoting juijitsu, the Japanese system of self-defense.

*

The official gazette of the Spanish Government on March 2 contained a copy of a new and secretly adopted law, designed for the suppression of Freemasonry and Communism throughout Spain. No member of these organizations may hold government office and they may be prosecuted, even though they have resigned from the organizations.

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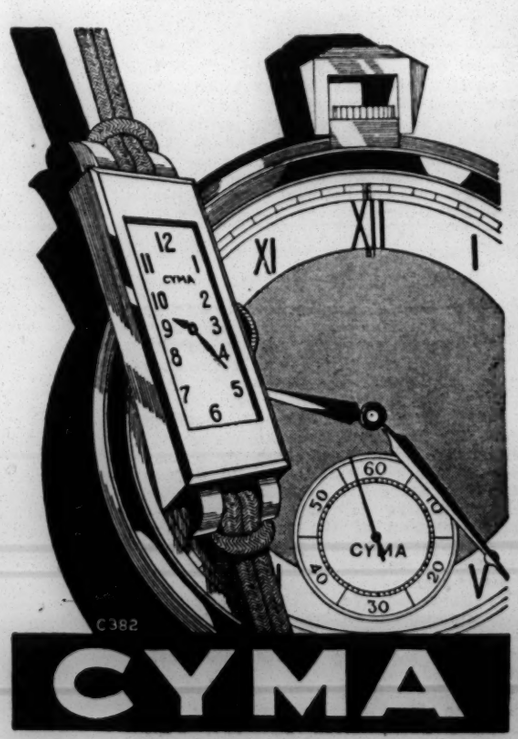

Col. Gunnar A. Pande, head of an American rug importing concern, who returned to New York recently after a 3,000-mile tour of China, stated in an interview that he planned to move his firm's rug factory from Tientsin to Shanghai. He said the "flight" of companies from Tientsin was becoming general and that the Japanese were happy about it because it left the field to them.

*

Commander John M. Creighton has been appointed U. S. Naval Attache in Peiping. He will assume office about May 20, relieving Commander H. E. Overesch, present Naval Attache. Commander Creighton was previously Commander of Destroyer Division 12. He was Assistant Naval Attache at Tokyo from 1926 to 1928 and was attached to the Asiatic Fleet from 1933 to 1936.

*

In order to effect a saving in paper the Japanese Ministries of Posts and Communications recently announced drastic reductions in the size of telegraph blanks and postcards. But the efforts of the officials of these two departments to save paper were in vain: The Army announced on Feb. 27 that it would distribute (on March 10) a half million pamphlets telling of the glorious results of the Holy War in China.

*

More than 300 Chinese and Americans attended the first anniversary of the inauguration of the Sino-American Cultural Association in Chungking on Feb. 22. Dr. H. H. Kung, chairman of the Association, presided. Willys R. Peck, U. S. Charge d'Affaires and Sun Fo, president of the Legislative Yuan, delivered addresses dealing with the continued improvement of Sino-American relations.

*

Judge Milton J. Helmick of the U. S. Court for China, who went to Chungking some time ago, has returned by way of Canton where he has convened a special session of the Court in order to hear several cases which have been pending in that city for a long time. Judge Helmick went to Canton from Hongkong aboard the U. S. S. Mindanao. He traveled to Chungking in company with the American Ambassador, Nelson T. Johnson, by way of French Indo-China and Yunnan Province and returned by C. N. A. C. plane to Hongkong.

The well-known American news magazine *Time* referred to Wang Ching-wei, in its issue of Jan. 29, Page 30, to the following effect: "Wang Ching-wei, prospective head of the 'all the People,' puppet Government of China, is a Japanese tool with combined Japanese Army-Government approval freshly stamped on his forehead." *Time* said that Japanese civilians had begun to refer to the China war as "nobetsu makunashi," meaning a "continuous performance without lowering the curtain."

*

The German *Transocean* service on March 1 reported, in a dispatch from New York, that 350,000 American farming families — about 1,000,000 people—are wandering from state to state and subsisting by temporary labor, due to the depression in agriculture. The dispatch, based on a Department of Agriculture report, said that the families are living under almost primitive conditions without many of the necessities of daily life and most of the children are underfed.

*

The Japanese gendarmes announced, Tuesday, March 5, they had arrested two Chinese named Tsu Chin-hwa, 57 and Yu Shao-hwa, 34, at the town of Tienchang. The men have been charged with "blackmailing tactics." According to the *Mainichi*, the two Chinese posed as secret agents of the Japanese Army and were threatening to expose to the Japanese all persons who secretly possessed rifles. One man had paid them $120, the report stated.

The large number of Japanese from Nagasaki Prefecture who have come to Shanghai since the outbreak of hostilities, has made it necessary for the authorities of the prefecture to open a "trade and travel assistance" office here. The office will be known as the Nagasaki Bureau and will be located in the Astor House Hotel in the Hongkew section. The Governor of the prefecture, Jitsuzo Kawanishi, attended the opening of the office.

*

Sir Frederick Whyte, formerly an adviser to the National Government, but now director of the American Division of the Ministry of Information of the British Government, in a recent address at Oxford, said that American policy implied the frustration of any attempt by another power to obtain control of China. The China situation today engaged the United States "more closely in the Sino-Japanese conflict than any other power with the possible exception of the Soviet Union," Sir Frederick declared. He stated that the critical situation in the Pacific "might well be one of the causes which would involve the United States in the present conflict." He expressed the opinion that the war between China and Japan had no direct connection with the war in Europe, but in the last resort "was not really apart from that conflict." If that is so, he stated, "America probably will discover that her special interest in the Far East profoundly affects her duty in Europe."

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Rudolph Hecht, New York financier, who filed a suit for U. S. $1,000,000 against Chinese financiers and the Chinese-controlled Universal Trading Corporation, was himself arrested on Feb. 12 on an indictment charging him with grand larceny, the charge against him having been pending since 1935, according to *United Press* report. The U. S. Attorney General's office stated that the charge was the result of Hecht's stock-promoting activities. The authorities of Pennsylvania also issued a warrant for Hecht's arrest. Mr. Hecht, early in February, filed a suit in the appellate division of the State Supreme Court, naming the Universal Trading Corporation which is handling the loan advanced to China from the U.S. Treasury. Hecht also sued the Chinese financiers Hsi Te-mou, K. P. Chen and S. D. Ren as members of the Chinese Financial Mission, claiming that he had not been paid a commission of U. S. $1,000,000 for his alleged promotion of a U. S. $30,000,000 loan to China in 1938.

*

Rear-Admiral Paul Wenneker, recently appointed German Naval Attache in Japan, stated in an interview in the *Asahi* on Feb. 27 that he had observed no signs of Japan's impoverishment as a result of the war. "On the contrary," he declared, "I find in many respects that Japan has improved since I departed from Tokyo in 1937....this can only be due to the splendid stamina and basic strength of the Japanese people....I am keenly aware that....a new order in East Asia can be achieved before long." Referring to the European war, Admiral Wenneker said that it would become clear this year which side was winning. Admiral Wenneker, after four years as Naval Attache in Tokyo was transferred home to become Commander of the pocket-battleship Deutschland, which cruised the North Atlantic and cooperated with the Graf Spee in the South Atlantic. He stated in the *Asahi* isterview that his ship was once chased by 27 British warships but managed to escape because of its Diesel engines. The Deutschland returned to Germany around the northern end of Great Britain, reaching a home port on Dec. 15. Admiral Wenneker was accompanied on his present mission to Tokyo by Mrs. Wenneker and their daughter.

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Yoshisuke Aikawa, president of the Manchurian Industrial Development Company and described as the "Sam Insull" of Manchuria, was received by the German Foreign Minister von Ribbentrop, in Berlin, on March 5. Mr. Aikawa went to Germany several weeks ago and has been making a prolonged inspection of Germany's industrial centers. The Manchurian Industrial Development Company was created by the Kwantung branch of the Japanese Army for the purpose of taking over and exploiting various industrial concerns which previously were controlled by the South Manchuria Railway. The controlling interest in the company is held by the Manchukuo Government and the Japanese Army and is primarily interested in the munitions industry. Mr. Aikawa originally had planned to borrow money in the United States, but turned to Germany after the U. S. decision to abrogate the Japanese commercial treaty. He was largely responsible for the barter deal between Manchuria and Germany.

*

The American Chamber of Commerce of Shanghai elected the following officers and directors at the annual meeting held at the Amercan Club on Feb. 16: President, Bruce M. Smith; Vice-President, J. E. Perkins; Hon. Treasurer, A. E. Schumacher; Secretary, James M. Howes; Directors: N. F. Allman, P. H. Bordwell, J. V. Crowe, C. S. Franklin, H. G. Freeman, A. B. Henningsen, W. J. Kelly, P. F. LeFevre, J. A. Mackay, L. R. Moore, J. O. Nichols, L. M. Pharis and F. J. Twogood. Among those attending the annual meeting were Consul-General C. E. Gauss; Commercial Attache, Julean Arnold; Commander-in-Chief, U. S. Marines, Col. DeWitt Peck; Trade Registrar, A. Viola Smith; Agricultural Attache, Owen Dawson. Mr. Arnold addressed the members on the "Increasing Responsibilities of the Chamber as an Instrument for the Promotion of American Trade."

Huge Capital Sum Said Unemployed in Shanghai

There is at least $3,000,000,000 idle capital in Shanghai at the present time, the *Central China Daily News* reported on Mar. 2, quoting local financial circles. Of this sum, the report stated, 50 per cent is deposited in current accounts with Chinese banks while 40 per cent is being used by speculators in exchange, stocks and bonds, and commodities.

Chungking Uses Colored Newsprint as Makeshift

Shortage of newsprint due to war conditions in China and in Europe is forcing Chinese newspapers in Chungking to come out in green, yellow and pink paper, most of which is produced in Szechwan province, according to a *Reuter* report. The *Central Daily News*, official Government organ, appeared last week in pink, as did also the influential *Ta Kung Pao*. The Communist Party organ, *Hsin Hwa Jih Pao*, came out on green native paper, while the independent *Hsin Min Pao* appeared in yellow.

New Books of Interest in the Far East

Britons in Peking

FOUR PART SETTING — By Ann Bridge. A novel of Peking Britons, published by Chatto and Windus, London.

Ann Bridge, which is the maiden name of the wife of a well-known British diplomat, has written another novel based on the lives and loves of members of the Peking foreign colony. It is her sixth novel, the first, *Peking Picnic*, being more fortunate in that it won a U.S.$10,000 prize offered by an American magazine.

Whether *Four Part Setting*, which deals with the Peking of a decade ago—and, to quote the author, "bears no relation to conditions today"—is a better novel than *Peking Picnic* must be left to the reader to decide.

Generally speaking, Ann Bridge has done for the old foreign colony in Peking (pre-Peiping) what Mrs. Buck and Lin Yutang have done for the Chinese generally. But of course there is less interest in the loves and intrigues of the members of the old Peking diplomatic "set" than in the tragic struggles of the Chinese people.

The present novel starts at Peitaho with Capt. Hargraves of the British Military Attache's office sitting on the beach with Mrs. Pelham, wife of another British Army officer stationed in Egypt. Capt. Hargraves is preparing to put his arm around Mrs. Pelham's waist and kiss her. The Captain was quite experienced in the art of putting his arm about the waists of women, married and otherwise—in fact he found time to speculate on the so-called "virtuous" class—which he constantly found to be smaller than he thought.

Well, he did put his arm around Mrs. Pelham's waist and kissed her, and that proved to be the beginning of 394 pages of romance and love complications among a small group of Peking Britons that makes interesting reading, although the book contains much more about love than about China. However, if one stops to think, there is nothing strange about that, because the same situation prevailed in all foreign colonies in China. Whether at Peking, Shanghai, Tientsin or Hongkong, the foreigners were far more concerned with their own lives, loves and intrigues than they were about what happened in or to China and its suffering millions.

However, Ann Bridge makes two worthwhile contributions: her descriptions of the temples and native flowers of the Pai Hwa Shan or "Hill of a Hundred Flowers" and of the famous Trappist monastery where men take a vow not to talk except on one day a year, and also not to bathe, not even on one day a year. This famous monastery near the Hopei-Shansi border contains dozens of native and foreign priests—including one ex-Italian diplomat—who have consecrated their lives to agriculture, the making of fine cheese and wine—and contemplation. As for the description of the flora of famous Pai Hwa Shan, it is a real contribution.

Much of the story deals with a trip to the famous mountain by the chief characters in the book—Capt. Hargraves, Rose Pelham, Roy Hillier, a journalist, and the Lydiards, brother and sister. Anthony Lydiard was in the Chinese Postal Service and his sister who kept house for him was Anastasia, plain in appearance, but intellectual, with views on divorce which were distinctly English and High Church.

The trip to Pai Hwa Shan which brought an astonishing change in the lives and loves of all members of the party, also had complications due to a slightly-touched-on phase of Chinese life of that decade—the decade of the warlords. The famous Kuominchun or army of the "Christian General" Feng Yu-hsiang was in occupation of this area and was treating the villagers in a quite un-Christian manner.

The book does contain fleeting and pointed comment on interesting subjects, for example the relationship between modern education and the "blight of uncertainty, which paralyzed the spirit of man in the modern world, robbing humanity of conviction, and hope, and therefore of joy." For example, Anthony Lydiard thought of the Middle Ages when men lived in physical insecurity and discomfort far greater than that of the twentieth century, and enjoyed but a fraction of modern knowledge; but their spirits were at home in the universe, as children are at home in their father's house—almost as incuriously and unwittingly, perhaps... Nevertheless they had that reassurance, that moral peace, in which the soul can grow and the spirit flower in every form of art."

Lydiard wondered, as he walked along the moutain valley and observed the people, what it was that made him find China so restful—the fact that they did everything precisely as they had been doing it for the past 4,000 years. Clothes, methods of agriculture, all were unchanged — no modern ideas worried the inhabitants of the Liuli Ho valley. He thought of the children they had seen that morning in the school, learning the maxims of Confucius by heart—was that not really perhaps the best preparation for life? Not for money-making, share-pushing, and arranging combines and trusts, or forcing unneeded and useless goods into a gullible market; or even for making war—but for life. Were the cotton and sugar and oil kings—or even the air aces and the speed aces—such conspicuous good livers? Might they not have been the better for a few maxims as to moral values, hammered into their infant minds by repetition as they sat on squares of goatskin in a primitive Chinese school room?"

There is equally pointed comment on other subjects such as the English ruling class, the type of men in the British Army, (that is, the officers) and even the Americans and their divorce habits.

The book is 100 per cent English, some of it so colloquial that American readers may find parts of it difficult. But it is worth reading for all that, even at present abnormal exchange.

B. J.

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CUSTOMS NOTIFICATION

No. 1643.

Notice is hereby given that, Tuesday, the 12th March 1940, being a Customs Holiday, the Custom House will be closed and the shipment and delivery of cargo suspended on that date.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 2nd March, 1940.

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Wayfoong Bank Reports Enormous 1939 Profits

After making full provision for all known losses and contingencies, and after writing down investments, the net profit of the Hongkong and Shanghai Banking Corporation in the year 1939 amounted to $13,353,965.26, to which has been added $3,400,634.26 brought forward from 1938. These figures, representing Hongkong currency, were given at the annual meeting of shareholders in Hongkong on Feb. 28 by the chairman, Mr. A. L. Shields. To an interim dividend amounting to £400,000, it was decided to add a final dividend of £2.10/- per share to absorb H.K.$6,453,781.51, to transfer to Bank Premises Account a sum of H.K.$300,000, and to carry forward to next year a sum of $3,411,329.55.

Mr. Shields told the shareholders that the strength of the Bank's balance sheet is "only too apparent," adding: "It is the political outlook that is depressing." Whereas Mr. T. E. Pearce, chairman last year, suggested that mediatory efforts be made to end the Sino-Japanese conflict, Mr. Shields made no reference to the subject. He said he saw few signs of any striking change for the better in the political situation either in the Far East or in Europe.

Puppet Hopei Governor Dies at 73 in Peiping

Kao Ling-wei, one-time premier of the Peking Government and lately governor of the Japanese-dominated Hopei Province, died in Peiping on March 4 at the age of 73. Born at Tientsin, the late Mr. Kao spent practically his entire life in politics. He started his career as a minor official in Hupeh and then steadily rose to high and prominent positions. He held twice the posts of minister of interior and finance in the Peking Government and was premier from 1923 to 1924. In the current Sino-Japanese hostilities, he played a prominent part in North China. When the Japanese Army occupied Tientsin at the end of July, 1937, he organized and headed the Tientsin Peace Maintenance Commission. He then became Mayor of Tientsin and Governor of Hopei, which last post he held at the time of his death.

Roosevelt Signs Bill For Loan to China

President Roosevelt's first official act upon returning to Washington on Mar. 2 from a 4,000-mile cruise of southern waters was to sign a Bill enabling the United States to extend loans to foreign countries, including China. The Bill, which doubles the revolving fund of the Export-Import Bank, passed the House of Representatives on Feb. 29. It raises the capital of the Export-Import Bank to $100,000,000.

Moving promptly after signature of the Bill, the Bank extended a $20,000,000 loan to Finland, $15,000,000 to Sweden and $10,000,000 to Norway. China, as previously announced, is expected to receive $20,000,000, but how soon this sum—which will be in the form of credits as in the case of the other countries—will be granted is not known.

More Than 50 Killed in Japan Train Disaster

At least 52 persons were killed when a five-coach passenger and freight train plunged off a bridge into a ravine in northeastern Japan in the early morning of Mar. 5, *Domei* reported. An avalanche had damaged the bridge during the night, it was believed, thus preparing the terrible disaster. All five of the coaches plunged 25 meters into the ravine and only 23 of the total of 75 passengers are believed to have escaped death. Four of the coaches caught fire, apparently from heating stoves, and many of the passengers perished in the flames. Of the 23 who escaped death, eight were said to be seriously injured. The driver and fireman and all the train officials were killed. The bridge at which the disaster occurred spanned the Ara River between Oguni and Tamagawaguchi on the Yonezawa-Sakamachi line.

Big Airliner Wrecked With Loss of Eight Lives

A far-flung search was being conducted early this week for the four-motored, 42-passenger Imperial Airways' airliner Hannibal, which was reported missing last Saturday with four passengers and a crew of four. The Hannibal took off from Jiwani, India and was due at Sharjah, Arabia, at 10.35 a.m. Saturday, but failed to arrive. Searches last Saturday and Sunday by Royal Air Force planes failed to reveal any trace of the missing airliner and it was feared that the machine may have plunged into the sea. The search, however, was continued.

200 Die When Tender Capsizes Near Ningpo

More than 200 passengers are believed to have lost their lives when a meeting tender, the s.s. King Shing, operated between Ningpo and Tsinghai on the Chekiang coast, capsized on the Yung River on the afternoon of Mar. 2. Loaded with some 300 Chinese passengers who were proceeding to Ningpo to board the s.s. Mohlenhof, which was proceeding to Shanghai, the small craft turned over when the passengers, frightened by an air raid alarm, rushed to the starboard side.

Nippon Consul Leaves For New Caledonia

A Japanese Consulate will be established in April at New Caledonia, it was announced in Tokyo on Mar. 1. Mr. Tokitaro Kuroki was to leave Kobe Mar. 2 to become the first consul, departing on the Yamashita Kisen Kaisha liner Naniwa Maru.

Japan will become the first nation to establish a consulate on the island, it was revealed. New Caledonia, a French island, is located north of New Zealand and about 700 miles east of Australia. It has a population of about 53,000 persons, most of whom are natives. About 1,700 Japanese live in New Caledonia and are the largest foreign group. They are engaged in such industries as mining, agriculture and fishing.

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